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# ***Daily Report***

## **China**

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# Daily Report

## China

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10 August 1995

**NOTICE:** An \* indicates material not disseminated in electronic form.

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### General

#### UN Delegate: Proposed Taiwan Seat 'Blasphemy'

OW0908170595 Beijing XINHUA in English  
1704 GMT 9 Aug 95

["China Refutes Fallacy of Taiwan's 'Return' to U.N."  
— XINHUA headline]

[FBIS Transcribed Text] New York, August 8 (XINHUA) — Chinese Permanent Representative to the U.N., Qin Huasun, said today that the Taiwan authorities' trumpeting of Taiwan's "return" to the United Nations aims to split China.

Qin made the comment at a press conference at the Chinese Mission here today.

He pointed out that UN General Assembly Resolution 2758, adopted overwhelmingly in October 1971, recognized representatives of the Government of the People's Republic of China as the only lawful representatives of China to the world body, which vindicated China's sovereignty and territorial integrity.

Refuting the Taiwan authorities' fallacy that the resolution is a "product of the Cold War," he said that just on the contrary, if the Cold War ever exerted any influence on China's representation, that was that the seat of China was usurped by the Taiwan authorities for as long as 22 years, resulting from some Western countries' unjustifiable obstruction.

In this sense, he stressed, Resolution 2758 was a product of anti-Cold War, which settled the question of China's representation at the United Nations once and for all and in a just manner politically, legally and procedurally.

Qin noted that in recent years the Taiwan authorities have made "a return to the United Nations" as the priority of its "pragmatic diplomacy." This year they once again stepped up their activities by taking the opportunity of the 50th founding anniversary of the United Nations. They even went so far as to brazenly offer 1 billion U.S. dollars in exchange for UN Membership, trying to buy the related principles of the UN Charter.

"This is a blasphemy to the UN Charter and an insult to the general membership of the U.N.," Qin said.

On the so-called "return" to the U.N., the Taiwan authorities are trying to achieve what is impossible, Qin said, by doing so they are trying to hawk to the international community the rubbish claim that "the Republic of China on Taiwan is an independent sovereign state," and attempting to create "two Chinas" or "one China, one Taiwan" within the United Nations.

Qin stressed that the argument for the so-called "parallel representation" for Taiwan in the UN is absolutely

groundless. In 1949, the Government of the People's Republic of China became the sole legitimate government of China, he said. According to the universally accepted principles of international law, the sovereignty of a country should be complete and it should neither be split nor be shared.

Qin noted that the Taiwan question is purely a matter of China's internal affairs and it is completely different in nature from and cannot be placed on a par with the questions of Germany and Korea, which resulted from international agreement after the Second World War.

Therefore the Taiwan question cannot be settled following the models of Germany and Korea, he said.

Qin recalled that in 1971 a few countries raised a proposal on the so-called "dual representation" at the UN General Assembly, but it was rendered invalid as Resolution 2758 was adopted. By claiming that Taiwan should enjoy "parallel representation" in the U.N., Qin said, the Taiwan authorities are now seeking the status of "an independent sovereign state" for Taiwan, thus openly creating "two Chinas" or "one China, one Taiwan."

Referring to the request for the so-called Taiwan's "representation" in the United Nations made by Nicaragua and some other countries, Qin said, the Taiwan issue is purely China's internal affairs.

He said, Nicaragua and some other countries had stubbornly insisted on the anti-China position and made this request regardless of the UN Charter and the related resolution of the United Nations General Assembly and the position of the majority of member states.

"This move not only constitutes a serious infringement upon China's sovereignty and a gross interference in its internal affairs, but also gravely contravenes the purposes and principles of the UN Charter and the related resolution of the General Assembly. The Chinese Government and people express their utmost indignation at the move," he stressed.

"We are convinced that their attempt for Taiwan's 'return' to the United Nations is doomed to the same disgraceful end this year," he said.

Qin also illustrated how the Chinese Government protects Taiwan compatriots' legal rights and interests internationally and reviewed the Chinese Government's efforts in this aspect.



**Envoy Denounces Taiwan's UN Seat Bid**

OW0908190595 Beijing XINHUA Domestic Service  
in Chinese 1202 GMT 9 Aug 95

[By reporters Xia Zhaolong (1115 0340 7893) and Li Jianxiong (2621 0256 7160)]

[FBIS Translated Text] New York, 8 Aug (XINHUA) — Qin Huasun, Chinese permanent representative to the United Nations, said on 8 August that the activities vigorously launched by the Taiwan authorities to "return" to the United Nations are aimed at splitting China.

At a news conference for reporters from the Chinese media on the Taiwan issue in New York, Qin Huasun pointed out: Resolution 2758, adopted overwhelmingly at the 26th UN General Assembly in October 1971, recognized the PRC Government's representatives as China's only lawful representatives to the United Nations. The resolution vindicated China's sovereignty and territorial integrity, and upheld justice.

He refuted the fallacy touted by the Taiwan authorities that Resolution 2758 is a "product of the Cold War." He said: Facts are just the opposite of the Taiwan authorities' argument. If the Cold War ever exerted any influence on the question of China's representation, it was that the PRC's lawful seat in the United Nations was illegally usurped by the Taiwan authorities for as long as 22 years as a result of the policy of blockade and containment adopted by some Western countries toward the PRC out of Cold-War strategic considerations ever since the latter was founded, and their attempt to thwart, in every possible way, the United Nations' resolution of the question of China's representation. Resolution 2758 of the UN General Assembly merely corrected historical facts that had been artificially distorted; realistically reflected China's political situation since 1949; and settled the question of China's representation at the United Nations once and for all in a just manner politically, legally, and procedurally. In this sense, Resolution 2758 of the UN General Assembly was actually a product of opposition to the Cold War.

Qin Huasun pointed out: In recent years, the Taiwan authorities have made "return" to the United Nations a priority in practicing "pragmatic diplomacy." This year, they once again stepped up their activities by taking the opportunity of the 50th founding anniversary of the United Nations. They even went so far as to offer \$1 billion in exchange for UN Membership, brazenly trying to buy the related principles of the "United Nations Charter." This is blasphemy against the "United Nations Charter" and an insult to the vast numbers of member states. On the question of the "return" to the United Nations, the Taiwan authorities are trying to

achieve what is impossible. Their intention is to hawk to the international community the rubbish claim that "the Republic of China on Taiwan" is an "independent sovereign state," and to attempt to create "two China's" or "one China, one Taiwan" within the United Nations.

Speaking of the so-called "parallel representation" for Taiwan at the United Nations, Qin Huasun pointed out: This argument is absolutely untenable [zhan bu zhu jiao di 4541 0008 0145 5183 4104]. In 1949, the PRC Government became China's sole legitimate government. According to the universally accepted principles of international law, a country's sovereignty should be complete, and should neither be split nor shared. He pointed out: The Taiwan question is purely China's internal affair, and is completely different in nature from the questions of Germany and Korea which resulted from international agreements following World War II. It cannot be placed on a par with these questions, much less handled according to the models of Germany and Korea. In 1971, a few countries tabled a draft resolution on so-called "dual representation" at the UN General Assembly, but the motion was rendered invalid with the UN General Assembly's adoption of Resolution 2758. Now, the Taiwan authorities are again claiming that Taiwan should enjoy "parallel representation" at the United Nations. This, in essence, is to seek the status of an "independent sovereign state" for Taiwan, and to openly create "two China's" or "one China, one Taiwan."

Qin Huasun also answered reporters' questions. Speaking of the question of so-called "representation" for Taiwan raised anew by Nicaragua and a few other countries at the United Nations this year, he said: The Taiwan issue is purely China's internal affair. Nicaragua and other countries stubbornly adhered to the anti-China position, and raised anew the question of so-called "representation" for Taiwan at the United Nations regardless of the "United Nations Charter," the related UN General Assembly resolution, and the position of the vast numbers of member states. This is an action that seriously infringes upon China's sovereignty, grossly interferes in China's internal affairs, and willfully tramples upon the "United Nations Charter" and the related UN General Assembly resolution. The Chinese Government and people express their utmost indignation at, and strongly condemn, this action. He said: We firmly believe that as in the past, their attempt for Taiwan's 'return' to the United Nations is doomed to failure.

Qin Huasun also expounded on how the Chinese Government protects Taiwan compatriots' legitimate rights and interests internationally, and reviewed the Chinese Government's efforts in this respect.

**Tibet 'Occupation' Claim Termed 'Grave Distortion'**

OW1008050495 Beijing XINHUA in English  
0452 GMT 10 Aug 95

[FBIS Transcribed Text] Geneva, August 9 (XINHUA) — A Chinese delegate said here today that the claim by certain non-governmental organizations that Tibet is an occupied country is a grave distortion of history.

Addressing the Sub-Commission on Prevention of Discrimination and Protection of Minorities, Li Baodong said that such a claim is intended to advocate the independence of Tibet and "has no historical or legal basis."

He said it is a well-known fact that the exercise of sovereignty over Tibet by China's central government can be traced back to as early as more than 700 years ago, long before the founding of many countries in the world.

"Tibet is an inseparable part of the Chinese territory," he added.

Li stressed that the Chinese government has made persistent efforts to promote and protect human rights and the Tibetan people have been enjoying religious freedom and human rights like other ethnic minorities in China.

The so-called issue of "Tibetan refugee" was concocted by some non-governmental organizations to deceive the world public opinion, he added.

He said that in order to defame the Chinese government, certain non-governmental organizations even described China's normal border control as a limitation on the freedom of personal movement.

The Chinese delegate said that the international community will not be deceived by the lies told by a few people, who intend to split China through the use of human rights issue.

**Official Calls UK TV Program 'Fabrication'**

OW1008094895 Beijing XINHUA in English  
0910 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — A report, "Secret Asia, the Dying Rooms", broadcast by Britain's Channel Four on June 14 this year, has been shown to be a mean-spirited deceitful fabrication, according to a Chinese official here today.

The so-called "dying room" referred to a storeroom at a welfare house in Huangshi City, in central China's Hubei Province, and major portions of the report were made up, the official said, after an investigation into the story had been carried out.

Those involved in the investigation said that the scenes shown on the screen had been shot at the Huangshi Welfare House by Kate Blewett and companions who disguised themselves as those working for the American Children's Fund.

"I saw a foreign gentleman unpacking some materials on a bed and shooting footage in a storeroom and asked him what he was doing there," said a kindergarten teacher, Liu Qiuliang.

"The man muttered something which I did not understand and then left the room," she went on to say.

This room was the one described as the "Dying room" in the film shot by Kate Blewett and companions.

The report said that more than 80 children died in the room last year. Records of the welfare house show, however, that in 1994, 128 of 161 children there were adopted.

Members of the investigating team asked how the film crew figured out that 80 had died in the room. It was a distortion of facts to portray the storeroom as a "dying room" and to claim that the beds that were vacant after their previous occupants had been adopted were the empty beds of children who had died.

The film also told of an unnamed child who had died of lack of basic daily care and medical treatment.

An inquiry revealed that the scene had been shot in the Duanzhou District Welfare House in Zhaoqing City, Guangdong Province, and the child referred to was a boy, instead of a girl as the report stated.

The boy was suffering from a serious illness when he was taken to the emergency room of the hospital of the welfare house on February 20, 1995, and doctors attended to him immediately, according to He Xinghuan, a physician at the welfare house.

Yang Jinying, a nurse helping with the "unnamed" boy, said Blewett and another person told her to stay outside when they entered the ward where the boy was sleeping, and removed the cotton-padded quilt and opened the boy's clothes in spite of the nurse's attempt to dissuade them.

The boy lay there without clothing for 15 or 20 minutes in cold winter weather while he was arranged for the cameramen, and later died after all rescue measures proved ineffective.

The official noted that the Chinese Government always is careful in protecting the rights and lives of children, especially those disabled or orphaned, using legislative, judicial, and administrative means. Chinese laws have



made specific reference to this, and the maltreatment or the desertion of under-age children by parents or guardians are strictly prohibited.

China is a developing country which has 70 million people who still do not have enough to eat or wear and it faces many difficulties in raising and educating handicapped children and orphans, he explained.

Nevertheless, the Chinese Government and all sectors of society have done everything possible to render help and protection to handicapped children and orphans.

Since China is the most heavily-populated developing country in the world, it must pursue a family planning policy. But, "family planning" does not necessarily mean the "One Child Policy". In rural areas, for example, where the vast majority of the country's population are concentrated, a couple can have a second child several years after the first is born, and even a third child is allowed in areas inhabited by some ethnic minorities.

However, Blewett asserted that 15 million baby girls disappeared after China applied its family planning policy and came up with the fabricated report about the "Dying Rooms".

In conclusion, the official said that lies have short lives, and each year, with its opening, China is playing host to millions of foreign visitors who can witness for themselves the facts which are contrary to coverage such as the "Dying Rooms".

#### Commentary Views Developing Relations With ASEAN

OW1008012295 Beijing China Radio International in Mandarin to Zhu Jiang Delta and Southeast Asia 0900 GMT 3 Aug 95a

[From the "Report on Current Events" program]

[FBIS Translated Text] Hello listeners and friends, I am station commentator (Gao Shijing;) in today's "Station Commentary" program, I would like to discuss the subject of China attaching importance to developing friendly, cooperative relations with members of the Association of South East Asian Nations [ASEAN].

ASEAN held its 28th foreign minister's meeting in the capital of Brunei from 29-30 July, followed by a dialogue session with foreign ministers of relevant nations, and an ASEAN regional forum on 1 August, with strengthening regional economic cooperation and preserving regional security as the central theme of all these activities. Chinese Vice Premier and Foreign Minister Mr. Qian Qichen, who attended a series of these ac-

tivities, spoke on China's relations with ASEAN member states, the regional situation, and international issues of common concern. In his speeches, Foreign Minister Qian Qichen categorically pointed out that China has been, is, and will be attaching importance to developing friendly, cooperative relations with ASEAN member states. All along, China and ASEAN have been maintaining a good relationship, sharing a more of a consensus on major international and regional issues and fine cooperation in international affairs. China-ASEAN relations have made new headway in the past year, with a stepping up of exchanges and mutual visits at all levels and in all fields. The total trade volume between China and ASEAN reached \$13.2 billion last year with continued growth in the first half of the year. As pointed out by Foreign Minister Qian Qichen, the top priority of China's foreign policy is to maintain a stable peripheral environment to ensure smooth domestic economic construction. China takes the establishment of long-range, stable, good neighborly relations with ASEAN as an important factor in attaining this goal. Preserving peace and stability and promoting the prosperity and cooperation of all countries in this part of the world are the common interests and goals of China and ASEAN, representing the most fundamental similarities of the two sides. China's stability and development will positively contribute to that of Asia and the world. China and ASEAN member states will always be good neighbors and friends who treat each other equally with mutual respect, trust, and cooperation — a typical, new type of state-to-state relations under the new international situation after the Cold-War.

Concerning the Nansha [Spratly] issue, which the ASEAN foreign minister meeting involved, Foreign Minister Qian Qichen reiterated the stance of the Chinese Government that the Nansha Islands are not a string of island reefs without an owner; and that all along China has had undisputable sovereignty over the islands and their adjacent waters. At the end of World War II, Japan returned the Nansha Islands it occupied to the then Chinese Government. There had been no disputes over these islands until the 1970's. The Chinese Government always stands for settling disputes through peaceful means. China is willing to amicably settle the disputes with relevant countries through peaceful negotiations in accordance with universally recognized international laws and modern maritime laws, including the basic principles, laws, and systems laid down by the UN Convention on Maritime Law. All disputing parties should abide by the norms of state-to-state relations and the principles on the peaceful settlement of international disputes under international laws to prevent the issue from complicating and amplifying. The most realistic and workable means to deal with the



disputes over the Nansha Islands for the time being is to "shelve the dispute and go for joint development" as forwarded by the Chinese side. Now, internationally, there are people who raise the so-called "China threat" issue by maintaining that China will pose a threat when it is economically developed. This is, at the least, a misunderstanding, if not willfully motivated. In actual fact, China's economic development and the improvement and enhancement of the livelihood of 1.2 billion people is a contribution — not threat — to mankind. If China is not developed economically with its 1.2 billion population remaining in a poor, backward, undeveloped state, it will be a real threat to the world. As we all know, in modern history China has only experienced aggression and was bullied by various powers, with no history of outward expansion whatsoever. The Chinese Government has repeatedly indicated that it will not threaten or bully other countries at any time and under any circumstances. The trend of China developing and strengthening friendly, cooperative relations with various countries around the world, particularly neighboring countries, will only be strengthened and not weakened.

Addressing the ASEAN foreign ministers' dialogue on behalf of ASEAN's seven member states, Ali Abdullah Alatas, the Indonesian foreign minister who chaired the dialogue, pointed out: Since ASEAN and China held a dialogue a year ago, cooperative relations in various field between the two sides have been resumed and developed. ASEAN and China share common views on many issues, with ASEAN member states thanking China for supporting their development. He also appreciated China's position of settling all disputes through peaceful negotiations.

#### Article Greet World Conference on Women

SK1008064395 Beijing XINHUA Domestic Service  
in Chinese 0018 GMT 5 Aug 95

[FBIS Translated Text] Beijing, 4 August (XINHUA) — RENMIN RIBAO will print a commentator's article on 5 August entitled "A Good Job Should Be Done in Hosting and Greeting the World Conference on Women." The text of the article follows:

One month from now, the Fourth World Conference on Women will open in Beijing, the capital of China. Prior to the conference, non-governmental organizations will also hold forums on related affairs.

The Fourth World Conference on Women is an important meeting sponsored by the UN for the governments of various countries to discuss and handle issues concerning women's affairs and is also an international conference of the largest-scale sponsored by China, which

has been the focus of world attention. Governmental representatives and non-governmental personages from over 100 countries will gather in Beijing. The conference will examine and appraise the work done over the past 10 years in implementing the "Nairobi Strategy" that is aimed at further realizing the equality between men and women and at encouraging women to join in their national development and to promote world peace, and will formulate a program of action to accelerate the implementation of the "Nairobi Strategy." This grand meeting of the world's women is an important event conducted by UN for women's affairs and has an important effect on upgrading the social status of women in various countries and on enhancing the understanding and exchanges among the peoples, particularly women, of various countries. The sponsorship of the world conference on women represents not only the contribution made by China to international society, but also a chance for China to let the world better understand the favorable opportunities in China. "Doing a good job in being the host of world conference on women and in greeting it" represents the heartfelt wishes commonly harbored by the Chinese Government and the people.

The Chinese Government has attached great importance on the preparatory work for the world conference on women. Since the decision made by UN on holding the conference in China, the Chinese organizational committee has mobilized the forces of various social circles and done a great deal of preparatory work. Not long ago, the third UN observation group inspected the preparatory work done by China. Mrs. Gertrude Mongella, head of the UN observation group, contended: "The organizational work by China for the world conference on women is of the best caliber for international conferences." "The work has provided conditions for smoothly holding the world conference." She was proud of "the outstanding preparatory work done by the Chinese side." The organizational committee of China is making efforts to further improve the preparatory work.

The grand gathering that will be held in China has elated the women and sisters of 56 nationalities as well as the people throughout China. Many women stated: The world conference on women which is being sponsored by China is a big, joyous event. It is indicative of the high social status of women in China and the country's capabilities in sponsoring such a conference. A great number of ordinary women have enthusiastically put forth their strength in the preparatory work. Women of various nationalities and various social circles, as well as the people across the China are full of joy to greet the convocation of the grand conference with the actual deeds of actively plunging into reform and opening up as well as into the construction of various undertakings.

Duties as host of a world meeting are heavy. All women and people across the country are hosts to the world conference. Therefore, a good job should be done as host of the world conference regarding hospitality by displaying our country's courteousness.

By proceeding from the whole situation in the work undertaken by the entire party and country, we should make sustained efforts to do better work in the fields of reform, opening up, and socialist modernizations. We should unswervingly implement the principle of "taking a two-handed approach and being tough with both hands," persistently and successfully grasp the construction of socialist democracy and legal systems and the construction of socialist spiritual civilization, and should maintain the fine social order so as to reveal the healthy mental attitude.

We should further publicize and implement the regulations set in the Constitution and in the relevant laws as regard to safeguarding the right and interest of women and the outline (1995-2000) on the development of women's affairs in China. We should also continuously upgrade the social status of women and promote the development of undertakings by women.

The broad masses of women should better carry forward the spirit of self respect, self confidence, self dependence, and self improvement, and should more effectively launch the drives of "studying culture and technology, of engaging in the competitions of achievements and contributions, and of being confident in making contributions."

All in all, we should greet the sisters and friends from the five continents with the new posture, pace, achievement, and atmosphere that have cropped up in the undertakings of building socialism with Chinese characteristics!

#### **Southwest Region Aims To Boost Foreign Economic Ties**

*OW0908144895 Beijing XINHUA in English  
1441 GMT 9 Aug 95*

[FBIS Transcribed Text] Kunming, August 9 (XINHUA) — The '95 Kunming Export Goods Fair, which opened yesterday, has signaled the start of a new period for Southwest China's economic and technological co-operation with its neighboring countries.

The southwest China region; which consists of Sichuan, Yunnan and Guizhou provinces, and Tibet and Guangxi Zhuang autonomous regions; has abundant natural resources. Adjoining some countries in south and south-east Asia, it also has an advantage in its geographical position.

As the investment environment has improving in recent years, the region has become a hot spot for foreign investors. Last year some 2,387 foreign-funded enterprises were set up here, with foreign investment topping 2.6 billion US dollars.

Meanwhile, the region's foreign trade has also seen a rapid growth, hitting 8.1 billion US dollars in 1994, up 56.7 percent over the previous year.

At this year's Kunming Export Goods Fair, not only companies from the United States, Europe, Japan, the Republic of Korea and southeast Asian nations, but also some overseas chambers of commerce and organizations promoting foreign trade came to the fair. They all expressed their enthusiasm about the Southwest.

In the past, the strides of the opening-up in southwest China were quite slow, due to its backward transportation and telecommunication facilities.

In 1992 local officials from the five provinces and regions of southwest China as well as the cities of Chengdu and Chongqing gathered in this capital of Yunnan Province to discuss co-operation and development.

With their combined efforts, a modern transportation network involving airlines, railways, water transportation and expressways has taken shape in southwest China. And the telecommunications are also forming a network across the region.

The southwest has striven to make full use of its geographical position, opening more than 2,000 enterprises on its international borders.

This year representatives of 22 provinces, municipalities and autonomous regions attended the annual fair in Kunming.

#### **World Bank Loans Used in Aquatic Breeding Project**

*OW0908162195 Beijing XINHUA in English  
1613 GMT 9 Aug 95*

[FBIS Transcribed Text] Beihai, August 9 (XINHUA) — Construction of an aquatic breeding project in this city in south China's Guangxi Zhuang Autonomous Region has started, involving World Bank loans totalling 14 million US dollars.

The loans will contribute to the breeding of fish, pearls, lobsters, oysters, clams and fries in 4,000 cubic meters of water.

Total investment for the project has reached 25.06 million US dollars. After the entire project is completed in five years' time, more than 4,200 people will be



employed, including some 3,000 people from poverty-stricken areas.

The project, with the aim of providing jobs for the poor in mountainous areas of the region, is being undertaken by the Beihai Pule Aquatic Products Corporation Ltd.

### Northeast Asia

#### Anniversary of 'Anti-Japanese War' Victory Viewed

OW1008035095 Beijing XINHUA in English  
0203 GMT 10 Aug 95

[FBIS Transcribed Text] Lhasa, August 10 (XINHUA) — A group of Tibetan scholars reviewed the role of Tibet in the Anti-Japanese War (1937-45) and attacked those who support "Independence for Tibet" and "Independence for Taiwan" at a discussion held here Tuesday [8 August].

During the war period, said one participant, Tibet, which avoided Japanese invasion, paid close attention to developments in the war. The three leading lamaseries in Lhasa chanted Buddhist scriptures every day, praying for the victory of China.

The Ninth Panchen lama urged people in rear areas to donate money and do everything possible for the army at the front. He provided horses for those at the front on several occasions and donated 30,000 yuan for medical aid, he noted.

Following his example, the Tibetan people donated 100,000 fur-lined jackets and a large amount of gold, silver, livestock, and medicines.

Participants at the discussion agreed that the 50th anniversary of the victory in the Anti-Japanese War has both historical and present-day significance, because China's unity of all nationalities and its patriotism proved to be weapons that led to victory.

The "Independence for Taiwan" advocated by Li Teng-hui and the "Independence for Tibet" pursued by the Dalai Lama run counter to the historical tide and are doomed to failure, said one scholar.

Lhaba Puncos, vice chairman of Tibet Autonomous Region, said, "We should draw lessons from history, oppose 'Independence for Tibet' and will not accept the reincarnation of the 10th Panchen lama chosen by the Dalai Lama."

#### Japanese Take Part in Harbin Forum on Bacterial Unit

OW1008092595 Beijing XINHUA Domestic Service  
in Chinese 0830 GMT 3 Aug 95

[By reporters Chen Kaixing (7115 0418 2502) and Gao Shuhua (7559 3219 5478) ]

[FBIS Translated Text] Harbin, 3 Aug (XINHUA) — A group of innocent Chinese and Japanese high school students about 17 or 18 years old were sitting in a large, bright room of the Civil Aviation Building in Harbin city on 31 July. Their topic of discussion was the war that happened 50 years ago.

"What is your impression of Japan?" Masaki Oyanaka of the Showa High School in Japan's Saitama Prefecture asked frankly. Led by Koji Endo, a teacher of history, he and two classmates were on a "peace tour" organized by anti-war people of various circles in Japan and had arrived in Harbin. Yesterday they had visited the old site of the Japanese No.731 germ unit.

A Chinese girl named Pang Yueping quietly replied, "We are very much impressed by Japan's economic miracle after the war; however, we can't forget Japan's aggression against China 50 years ago and the sacrifice of numerous revolutionary martyrs who died to save our nation." The Chinese students who were invited to attend the discussion were from Middle Schools No. 1, 3, and 5 of Harbin.

Joji Nozawa, also from the Showa High School, asked: "We have conducted a survey of Japanese students and found that only about 1 percent of them know about that war, and those who know about the No.731 germ unit are even fewer. What about you?"

Huang Dan, a student from the No. 3 Middle School, replied: "Harbin is the place that suffered the most from the No. 731 Unit. Everyone here knows that Japanese fascists used healthy people in experiments and even committed such atrocities as human vivisection. Besides, our history books have not only recorded major events in Japan from ancient to modern times, such as the Meiji Restoration, but also recorded in detail the Japanese imperialists' aggression against China and the course of our War of Resistance Against Japanese Aggression. Do you know about the Nanking [Nanjing] Massacre?"

Then Masaki Oyanaka stood up with a textbook entitled Japanese History in his hand. He showed it to the Chinese students and said: "In our text books, nothing was mentioned concerning aggression against China, but some teachers told us in classes. Now Japanese society is also quite resentful about such behavior."



Teacher Endo told those present that in their own Saitama Prefecture during the war, the government had ordered local people to catch and bring in a large number of rats. A history team organized by his students visited more than 3,000 people over the past five years and proved that those rats were definitely provided for the No.731 germ unit to cultivate bacteria.

Motofumi Fujiya, a lively person, became very serious and said on his visit to the site of the No.731 germ unit, he personally saw the cruelty and disasters caused by the war. He said, "I want to be a teacher in the future and will tell my students the truth and hope there will not be any more bloodshed and killing."

The two-hour session quickly passed. Before leaving, Masaki Oyanaka solemnly presented gifts to the Chinese students — watercolors done by Japanese youngsters who hate war. Some of the paintings show black airplanes dropping bombs onto green mountains and valleys, masked devils cultivating bacteria in test tubes, black rats attacking people with germs. The last one was only two strikingly red Chinese characters: "Never forget."

#### **Evidence Collected on Japan's WWII Germ Warfare**

*OW1008023195 Beijing China Radio International in English to Western North America 0400 GMT 8 Aug 95*

[From the "Current Affairs" program]

[FBIS Transcribed Text] A Japanese inspection team recently visited east China's Zhejiang Province to examine Japanese biological warfare during World War II [WWII]. As China Radio International Zhejiang correspondent Zhang Heng reports, the result is astonishing, even to the Japanese inspectors. Xu Huazhen has the details:

[Begin recording] [Xu] The 11-member Japanese team was composed of doctors, civil servants, and college and high school teachers and students. Team leader (Mori Masataka) is a high school history teacher. He has been to Zhejiang twice to collect evidence from Japanese germ warfare. According to Mori Masataka, this trip has further confirmed the fact of the Japanese Army's bacteriological experiment on Chinese civilians during WWII. Our correspondent Zhang Heng said that Mori Masataka's investigations and official statistics from Zhejiang provincial government show Zhejiang was one of the worst-hit provinces.

[Zhang, in Mandarin fading into English translation] Zhejiang correspondent Zhang Heng said that in 1940, the Japanese Army launched a large scale germ warfare

in the province. Incomplete statistics show that from 1940 to 1944, over 13,000 local residents in Zhejiang were killed. (Chengshan village) in Zhejiang's southern Yiwu City was one of the worst-hit places in Zhejiang Province. Three months after Japanese planes scattered a bacteriological fog on September 1942, the villagers suffered 386 deaths, one-third of the then population. After visiting the village and talking with several survivors of the germ warfare attack, the Japanese investigation team said it was even worse than they had imagined. Sixty-eight-year-old (Wang Da) is one of the survivors. Besides scattering bacteria in his and neighboring villages, he said the Japanese Army committed even more serious crimes after that.

[Wang, in Mandarin fading into English translation] Wang Da said that after the resulting plague started, the Japanese Army set up an isolation ward in a small temple, one km away from Chengshan village. The hospital was actually a base for subsequent bacteriological experiments and a visit section. Wang Da said that over 40 villagers were sent to the Japanese hospital and only one survived. The others were all dissected, fragments of limbs and infant organs later being found in the fields. [end recording]

[Xu] The Japanese inspection team said it is clear that the Japanese Army committed serious crimes on the Chinese people. This history can never be denied or distorted. The team members said they will give the Japanese people the truth, especially the young, to prevent such a tragedy from reoccurring. [end recording]

#### **Southeast Asia & Pacific**

##### **Officials Discuss Expanding Sino-Lao Trade**

*OW1008081895 Beijing XINHUA in English 0746 GMT 10 Aug 95*

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — Chinese Vice-Minister of Foreign Trade and Economic Cooperation Shi Guangsheng held talks with visiting Lao Minister of Trade Sompadit Vorasane here this morning.

The two sides exchanged views on further expansion of Sino-Lao trade and economic cooperation.

It was revealed that the total Sino-Lao trade volume hit 40.36 million US dollars last year, while in the first half of this year, the figure has reached 23.949 million US dollars, up 151.5 percent over the same period last year.

By the end of last year, 36 Chinese enterprises had invested in Laos with a total of 28.88 million US dollars, ranking fourth in the amount of foreign investment in Laos.

Referring to reforms in the form of China's foreign aid, Shi said that his country will mainly help people develop small or medium-sized projects for local needs, and encourage establishing joint-ventures or joint operation of projects.

He noted that China will continue to offer support to its neighbors, including Laos, as much as it can.

The two trade officials also discussed the joint development of natural resources in Laos.

**PRC, Philippine Officials Hold Talks on Spratlys**

*OW1008042995 Beijing XINHUA Domestic Service in Chinese 1557 GMT 9 Aug 95*

[By reporter Ding Zhaolin (0002 0340 26510)]

[FBIS Translated Text] Manila, 9 Aug (XINHUA) — Chinese Assistant Minister of Foreign Affairs Wang Yingfan this morning called on Philippine Foreign Affairs Minister Domingo Siazon and explained to him

the Chinese Government's basic stand and views on the Nansha [Spratly] issue.

Wang Yingfan said that, concerning the existing dispute [zheng yi 3630 6231], the Chinese side hoped that the two sides would hold negotiations in a frank, friendly, practical, and constructive manner to enhance mutual understanding and trust, and that the two sides would explore ways for cooperation in the disputed areas so as to promote relations of friendship and cooperation between the two countries.

Siazon expressed the hope that the two sides could reduce their differences, enhance trust and explore ways for cooperation through negotiations.

Chinese Ambassador to the Philippines Guan Dengming was present at the meeting.

Wang Yingfan arrived in Manila yesterday to take part in bilateral negotiations with the Philippine Ministry of Foreign Affairs on the Nansha issue.

**Political & Social****Senior Tianjin Official Dismissed for Corruption**

OW1008081695 Beijing XINHUA in English  
0722 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — A senior official in north China's Tianjin city has been punished for collecting gift money at his mother's funeral and squandering public funds.

Wang Zhiping, Party committee chief and director of the Municipal Personnel Bureau, member of the Tianjin Party Committee and deputy director of its Organization Department, has been removed from all his Party and government posts, according to the Central Discipline Inspection Commission and the Ministry of Supervision today.

Wang has been discovered to have taken 12,801 yuan of gift money at his mother's funeral in October, 1993, and he also spent 3,138 yuan of public funds to accommodate guests, a spokesman of the commission and ministry disclosed at a press conference.

In 1993, Wang was found to have squandered 32,402 yuan of public money with others for entertainment in hotels and night clubs, he said.

The spokesman stressed that it has been a consistent requirement for Party members, especially leading officials, to observe discipline and serve the people wholeheartedly. In August 1993, special rules against corruption have also been issued to demand leading officials to exercise self-discipline and self-restraint.

"Wang, as a leading official and a Communist Party member, should have strictly observed discipline and acted as a model of clean and honest officials," he said.

"But he ignored the Party's requirement and the demand by the central authorities, and abused his power for personal gain and entertainment," he said.

The Central Discipline Inspection Commission urged all the party members, especially the leading officials, to act in strict accordance with the rules set by the central authorities and accept supervision from the Party and the people, said the spokesman.

**Tibetan Monk Commits Suicide Over Panchen Lama Choice**

BK1008063395 Hong Kong AFP in English  
0543 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, Aug 10 (AFP) — A Tibetan monk committed suicide and 80 people have been jailed for refusing to condemn the Dalai Lama's choice of the reincarnation of the Panchen Lama, the Tibetan government-in-exile has said.

Venerable Wangdu of the Tashi Lhunpo monastery at Xigaze killed himself on July 24 after refusing to denounce the choice of Gendun Choekyi Nyima, a boy aged six, as the reincarnation of the Panchen Lama, said a statement from the Office of Tibet received here Thursday.

Sixty monks at the monastery and 20 people working there were arrested last month for the same reason and for calling for the freedom of the boy who was reportedly arrested after being designated the 11th Panchen Lama, said the statement from the New York-based organisation.

China has consistently denied that the boy has been arrested.

The 80 people are being held at Nyara prison in Xigaze, about 250 kilometers (155 miles) south-west of the Tibetan capital Lhasa, said the statement.

The 10th Panchen Lama, the second ranked person in the Tibetan Buddhist hierarchy, died in January 1989 aged 51. After the failure of the anti-Chinese uprising in Tibet in 1959, he refused to go into exile in India with the Dalai Lama and instead agreed to collaborate with the Chinese communists.

China insists it should have the final say in choosing the Panchen Lama.

From his base in Dharamsala, northern India, the Dalai Lama announced on May 14 that he had found the 11th Panchen Lama in Gendun Choekyi Nyima. Three days later the Chinese Government said the choice was "illegal and invalid," recalling how the nomination needed Beijing's approval.

Xinhua, China's official news agency, quoted Lhaba Puncos, vice-president of the Tibet autonomous region, as saying that the authorities "will not accept the reincarnation of the 10th Panchen Lama chosen by the Dalai Lama."

China says it has started its own search for a successor.

**Guangdong Leaders Reportedly To Tender Resignations**

HK1008062095 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese  
10 Aug 95 p 10

["China's Political and Trade" column by Hua Hsia (5478 1115): "Guangdong Leaders Tender Resignations to Central Authorities"]

[FBIS Translated Text] As the central leadership is holding meetings at Beidaihe, several Guangdong leaders are reportedly dissatisfied with central policies and have



tendered their resignations to Jiang Zemin. Fearing personnel moves will affect political stability, Political Bureau Standing Committee members are separately making efforts to soothe them in the hope of solving the contradiction.

According to a report, Guangdong leaders tendering resignations include Governor Zhu Senlin, Provincial Party Secretary Xie Fei, and CPPCC Vice Chairman Ye Xuanping, who was transferred to Beijing to take up the post. The reason they gave is that they are old enough to be replaced by others. But actually this concerns a behind-the-scene struggle between central and local authorities.

Just as I have pointed out in this column earlier, the central authorities are aiming at gradually doing away with "special policies" to allow the hinterland to compete with coastal provinces on an equal footing and it is Guangdong that has benefited most from the "special policies." Take the special economic zone for example, three special economic zones respectively in Shenzhen, Zhuhai, and Shantou have been set up in Guangdong. These special economic zones once outshone the rest of the country and became the locomotives of China's reform. But the economic zones are facing the fate of being displaced.

Apart from the special economic zones, Guangdong's Zhu Jiang delta has also worked wonders through economic reform. A large number of township enterprises were set up to lay a solid foundation for Guangdong's economy.

Nevertheless, Zhu Rongji's tight money policy, tax-sharing formula between central and local authorities, land-gain tax, and other measures have sapped Guangdong's economic vitality. A large number of township enterprises were forced to close down or had to sell due to the lack of operating funds. On the other hand, however, the central authorities have spared no effort in promoting the development of the New Pudong District in Shanghai and even praised Shandong and Xinjiang for their achievements especially in agricultural development while criticizing Guangdong for attaching insufficient importance to agriculture.

Guangdong has consistently shown a tendency toward localism. Mao Zedong repeatedly brought Guangdong to task in the name of rectifying localism. But since 1978, Guangdong has scored economic achievements it can take pride in, but at the same time there have been reports that Guangdong has often gone against central policies. The contradiction has sharpened recently and it has resulted in a showdown. The incident may pass or grow into a political storm at any time.

**Beijing Reportedly Misled UN on Political Prisoners**  
*HK1008064495 Hong Kong EASTERN EXPRESS*  
*in English 10 Aug 95 p 1*

[By Didi Tatlow]

[FBIS Transcribed Text] China has doctored information it has provided to the United Nations on its handling of political crimes in an attempt to improve Beijing's international human rights image, documents seen by EASTERN EXPRESS reveal.

The documents show that China has misled the Geneva-based UN human rights centre by covering up several cases of people convicted of counter-revolutionary crimes. The human rights body was instead told that these people were convicted of subversive activities — which is more acceptable internationally. China has also failed to inform the UN body of extensions to prison sentences — in some cases by up to nine years — of political prisoners.

Doctoring of information is evident in at least two cases of women convicted of the crime of "counter-revolutionary propaganda and incitement" — article 102 of China's Criminal Law. An official Chinese response to the working group on human rights in Geneva, dated May 1994, depicts the crime committed by the women as "subversion".

The change is significant as it represents an attempt to deflect criticism of China's harsh laws against political dissent. China plans to rewrite its counter-revolutionary statutes as "anti-subversive law" on the premise that all states have protective laws in place against "subversives" and acknowledge the right of the state to punish them.

Dawa, or Gyaltsen Drolkar, 19, a nun at Garu nunnery, was sentenced in 1990 to four years in jail for "crimes of counter-revolutionary propaganda" by the Lhasa Intermediate Court, according to translations of the original Tibetan language court document. She was one of a group of 12 nuns arrested in August 1990 for shouting pro-independence slogans at an opera festival.

Counter-revolutionary propaganda and incitement is also known as the freedom of speech and association article, and is one of only two counter-revolutionary charges which does not carry the death penalty.

Dawa's case was reported by Chinese officials to the United Nations in May 1994 as a "subversive" crime. No mention was made of the original sentencing for the crime of "counter-revolutionary propaganda" in the document.

Similarly, Sangmo, or Lobsang Choedron, 23, was arrested and charged with counter-revolutionary propaganda and sentenced to seven years in prison. Her crime was also listed as subversion in the official Chinese representation to Geneva.

Both women received hefty extensions to their original sentences for composing a tape of songs from Drapchi prison in Lhasa. The tape, confiscated on its way out of the prison, sang of separation from parents in an oblique reference to separation from the "land of snow," the homeland lost to the Chinese occupation of Tibet.

Dawa's sentence was tripled to 12 years. Sangmo's extension is not known, but the 14 nuns who contributed stanzas to the song received an average of six more years in prison. Neither extension was acknowledged in the Chinese submission to the UN's working group on human rights.

Subversion is a separate crime listed under article 92 and is punishable by death or a minimum of 10 years in prison.

"Subversion is the actual equivalent of treason, and is very rarely invoked," a source said. "Representing cases of counter-revolutionary propaganda as subversion is part of a general cosmetic campaign to rededict people" to the international community. The redediction of crimes was a "clear pattern — almost a policy by now," he said.

Evidence on other cases is being lost as the Chinese authorities employ arbitrary methods of spelling of the Tibetan names of many of the women convicted, rendering them virtually untraceable.

#### **Beijing Imposes 'Strict' Measures on Taxi Services**

*OW1008040895 Beijing XINHUA in English  
0318 GMT 10 Aug 95*

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — The Chinese capital is developing some strict measures to prompt its approximately 80,000 taxi drivers to provide better, more professional service.

In the past seven months, the local taxi administration has revoked eleven drivers' licenses and suspended 1,037 drivers' licenses because of their unprofessional behavior, and ten taxi companies have been ordered to cease operations temporarily because of poor management.

Unprofessional behavior usually means refusing to take on passengers, charging extra fees, misusing or never using the mileage meter, or driving without a license.

Revised regulations on taxi management, clearly defining the range of service and specifying the responsibilities of taxi administrators, went into effect a week ago.

A cab driver will be fined 100 to 1,000 yuan (about 12 to 120 US dollars) if he or she refuses a fare, makes passengers get out on route, or misuses or does not use the meter, and his or her license can be suspended for three to six months, or even be revoked.

A taxi company can be hit with a 1,000 to 10,000 yuan fine and a stop-operation order for 10 to 30 days because of poor management.

Inspections teams have been sent to major streets randomly to check on taxi service, and passengers are encouraged to complain about poor taxi service and report car numbers using special hot lines.

Beijing now has 59,000 registered taxi cabs owned by some 1,400 taxi companies, carrying 1.5 million passengers daily. In addition to the subway and buses, taxis have become an important part of the transportation scene in the city.

#### **All-China Women's Federation Honors Yancheng City**

*OW1008040095 Beijing XINHUA in English  
0103 GMT 10 Aug 95*

[FBIS Transcribed Text] Lianyungang, August 10 (XINHUA) — Some 1.14 million women in Yancheng City, in east China's Jiangsu Province, have participated in various contests for improving production or shedding poverty.

Representing 89 percent of the total women in the city, they have been honored by the All-China Women's Federation for their enterprising spirit.

These women have competed for growing grain or cotton, developing diversified economic undertakings and household sideline occupations, helping each other to shake off poverty, and improve technical skills.

Jin Wenxiu, a member of the Texiong Town Women Committee and a skilled hand at raising silkworms, has helped three families to earn 20,000 yuan (about 2,400 US dollars) annually and 17 to earn 10,000 yuan annually.

Yuan Lianxiang, a woman in Hong'ang Village, helped 3,000 households to weave willow handicrafts. As a result, 1,000 poverty-stricken households have become better-off.

In Dongtai, the government motivated 10,000 women to take up the trade of embroidery. Their handicrafts have entered the international market.



In Yancheng Textile Plant 8,000 women workers have taken part in technical contests. Through the contests, 80 percent of them have improved their skills.

Xu Rongfang, chairman of the women's congress in Wenguang Village, has led women in 308 households to lease land in the major cities of Shanghai and Nanjing for growing mushrooms. They earn over four million yuan a year from this occupation.

Yancheng's women have also competed in learning science and technology. More than 40,000 women have made over 10,000 inventions.

To help people master varieties of skills, the city has held 1,124 training courses in the past few years, with 600,000 women trained, according to statistics.

Every year, the city elects "ten top intellectuals," "ten top women entrepreneurs" and "top ten model women workers", which encourages women to learn from each other, local officials said.

#### **Outline of Chinese Women's Development**

OW1008004795 Beijing XINHUA Domestic Service  
in Chinese 0935 GMT 7 Aug 95

["An Outline of Chinese Women's Development (1995-2000)" — XINHUA headline]

[FBIS Translated Text] Beijing, 7 Aug (XINHUA) — An Outline of Chinese Women's Development (1995-2000) Foreword

1. Women are a great force for creating human civilization and promoting social development. Women's level of development is an important indicator of social development and a measure of the level of social progress. Governments at various levels, various relevant departments, social organizations, and all the Chinese people have a common duty to enhance Chinese women's development. To further enhance Chinese women's development, we have specially formulated an "Outline of Chinese Women's Development (1995-2000)" [hereafter termed the 'Outline'].

2. Chinese women's undertakings have accomplished world-acknowledged achievements since the PRC was founded 46 years ago. At present, based on the PRC Constitution and with the PRC Law on the Protection of Women's Rights and Interests as the main form, China has basically formulated a whole legal system — including laws, and administrative and local rules and regulations such as the PRC Marriage Law, the PRC Inheritance Law, the PRC Labor Law, the PRC Law on Maternal and Infant Health Care, and the Regulations on the Protection of Female Workers — to protect women's rights and interests and to promote

women's development. China has also correspondingly established, and later improved, organizations to protect women's rights and interests, and has taken effective measures to enhance the development of women's undertakings. Since China initiated the policies of reform and opening up 17 years ago, Chinese women have continually improved their educational levels; the number of employed women has shot up considerably; women's living conditions have improved steadily; and women's status in society and in the family, and the extent of women's participation in managing state and social affairs have continually grown. The broad masses of Chinese women have actively joined in activities of reform, opening-up, and the modernization drive, and made tremendous contributions to China's economic and social development. All the above events have demonstrated the superiority of the socialist system and have laid a solid foundation for the further development of Chinese women.

However, as China is a developing country that has been restrained by a low level of economic and social development and old concepts, women's educational level and the extent of women participating in social development are not high. The legal stipulation that men and women are equal has not been implemented fully. Social discrimination against women still exists. Women in poor areas have yet to improve their living conditions. Consequently, Chinese women still have an arduous development task ahead of them.

The world is facing great historic changes and international competition is becoming fiercer. Economic, cultural, scientific, and technological competition in the world is, in the final analysis, the competition among various national qualities. Women's qualities will affect a nation's qualities, and women's development level will affect a nation's comprehensive strength. As the 21st century approaches, women's issues have become, all the more, a focus of the world's attention. Taking steps to seek equality, development, and peace has become an irreversible trend for the international community as a whole. The Chinese Government has made solemn commitments to the international convention concerning women's rights and interests and women's development.

3. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, our party and government have formulated a "three-step strategic plan" to basically materialize the modernization drive, and specified that we should attain the second-step strategic objective by the end of the 20th century. The next few years will be an important period for China to promote its reform, opening up, and modernization drive, and for Chinese women



to speed up their progress. The tasks for women's development in the next few years are as follows: We should mobilize and organize Chinese women of various ethnic groups to join in reform, opening up, and socialist modernization drive, improve women's qualities in an all-round manner, protect women's rights and interests according to law, and further improve women's status. While promoting the spirit of self-respect, self-confidence and self-support, and self-improvement, and enhancing social progress, the broad masses of Chinese women should seek their own progress. Governments at various levels, various relevant departments, social organizations, and enterprises (institutions) should fully understand the important significance in encouraging women to join in the process of attaining progress, closely coordinate, and take effective measures to ensure that various objectives listed in the outline are accomplished.

#### Major Objectives

4. Our general objectives for Chinese women's development by the end of the 20th century are as follows: We should considerably improve women's overall qualities. While jointly facilitating economic and social development and participating in the administration of state and social affairs, Chinese women should ensure that their legal rights as equals in political, economic, cultural, social, and family activities are properly implemented. Our specific objectives for Chinese women's development are as follows:

(1) We should increase women's participation in making policy decisions and administering state and social affairs.

— We should actively ensure that there are women in government leading bodies at various levels and that the proportion of female leading figures in government departments should also rise.

— Leading bodies of trades, departments, enterprises, and institutions where female workers are the majority should select more female members.

(2) We should organize Chinese women to actively join in activities for reform, opening-up, and the modernization drive so as to enhance social productive forces.

— While establishing a socialist market economy, restructuring urban and rural industries, and actively developing the tertiary industries, we should raise the number of employed women and expand the range of professions for women.

— When employing staff and workers, except for professions and posts unfit for women as stipulated in state regulations, we can neither reject women applicants on

account of their sex, nor raise job requirements for women applicants in an effort to ensure equal rights for employment between men and women.

(3) We should earnestly safeguard female workers' rights and interests.

— All enterprises (including foreign-funded, private, and village and town enterprises) must earnestly implement the PRC Labor Law and the Regulations on the Protection of Female Workers in an effort to safeguard female workers' safety and health at work, and strive to improve working conditions for female staff and workers.

— We should ensure men and women enjoy equal pay for equal work in urban and rural areas across China.

— We should basically implement overall social programs that pay for delivery costs for female staff and workers in various cities across China.

(4) We should strive to develop education programs for women so as to raise their scientific and educational standards.

— We should gradually raise the ratio of women undergoing education programs at various levels, improve female workers' qualities in an all-round manner, and actively cultivate female workers in various professional and technological fields.

— We will basically implement the nine-year compulsory education program, and reduce the percentage of school-age female students who do not attend schools or drop out from schools. We intend to regulate the percentage of nonattending or drop-out school-age female students to less than 2 percent.

— We should annually eliminate 3 million female illiterates and strive to basically eliminate all young and middle-aged female illiterates in China by the end of the 20th century.

— We should strive to develop vocational education programs, vocational training, and practical technological training at various levels for women to raise their proficiency for jobs.

— We should further improve women's health and ensure they can enjoy their right to family planning programs.

— We should improve the capacities and service quality of health care organizations for women and children.

— We should strive to enable all the women in urban and rural areas across China to enjoy health care services, including good health care services covering delivery of babies.

— We should strive to provide healthcare services and related health education programs to 85 percent of pregnant and lying-in women across China.

— We should handle 95 percent of childbirths with new midwifery methods in China's rural areas.

— We should increase the proportion of pregnant and lying-in women in China's rural areas that deliver their babies in hospitals. Consequently, by the end of the 20th century, we can reduce by 50 percent the 1990 fatality rate of pregnant and lying-in women.

— To eliminate tetanus among newborn babies, we should inoculate 85 percent of fertile and pregnant women in highly vulnerable areas with the tetanus vaccine.

(6) We should propose to form families that are on an equal footing, civilized, harmonious, and stable.

— We should promote the Chinese nation's fine traditions, establish socialist ethics and habits, and form and develop relations that are on an equal footing, united, friendly, and mutually helpful among family members and neighbors.

— We should propose that husband and wife share household chores and jointly educate and bring up their children. We should use various formats to publicize knowledge and experiences to parents for them to correctly teach the children.

— We should oppose bigamy and the practice of keeping mistresses.

— We should resolutely stop behaviors that interfere with freedom of marriage.

(7) Effectively outlaw brutalities against women, the abduction and trading of women, prostitution, and patronage to prostitutes.

(8) Attach importance to supporting developmental projects carried out among women in remote and impoverished minority areas. The basic food and clothing problems of poverty-stricken women must be basically resolved by the end of this century.

— Educate the 10 million women in poverty-stricken areas and provide them with training on production skills until each of them has mastered at least one practical skill.

— Every village will have an average of one female technician skilled in farming or animal husbandry.

— Support the establishment of 200,000 households which can demonstrate ways to shake off poverty.

— Establish 20,000 economic entities for supporting impoverished families, particularly those run by women; and provide jobs to 800,000 women.

(9) Improve women's living qualities through creating a social environment facilitating their development.

— Promote a civilized and progressive public concept of women, create a social atmosphere of respecting and protecting women, and educate women to respect themselves, have self-confidence, and be independent.

— Improve community services, and develop childcare services, and services of handling household chores.

— Protect the special interests of women who are underaged, old, or handicapped. Prohibit units from hiring females under age 16. Properly run all kinds of welfare centers; apartments for the aged, and old or disabled females; and old-folks homes. Assist and rehabilitate poor and handicapped women.

(10) Promote world peace by expanding Chinese women's friendly contacts with women in other countries.

(11) Establish the mechanisms governing dynamic research of women's activities, and collection and propagation of information.

— Establish a state-class database on information about women.

— Establish in the state's statistical system indicators of classified statistics about women.

### Policies and Measures

#### 5. Political Rights and Participation in Decisionmaking

— Use various methods to heighten people's understanding of women's political rights so that women can participate in managing state and social affairs and take part in deciding on major issues on an equal footing.

— While drawing up policies and making plans, governments at all levels must pay attention to heeding the suggestions and requests of women's organizations at all levels, fully consider women's special interests, and protect women's legitimate rights and interests.

— Earnestly train and promote female cadres. Plans that have been drawn up should be checked at regular intervals and implemented from one level to another.

— Improve women's leadership and their capabilities of managing state affairs through intensifying the efforts of educating and training female cadres.

#### 6. Employment and Labor Protection

- Provide women with more job opportunities by actively exploring job areas and developing the types of jobs which conform to women's characteristics.

- Provide women with employment guidance through establishing job agencies and job consultative services.

- Actively promote economic diversification in rural areas, continue to develop village and township enterprises, absorb more women into work, and organize, in a well-planned manner, the export of labor services provided by women in poor areas.

- Improve the working conditions for female workers of enterprises, especially private enterprises and village and town enterprises, as well as foreign-funded enterprises, through improving these enterprises' labor protection measures. Make constant efforts to upgrade protection for women through prohibiting the placement of women in positions unsuitable for them, establishing and improving facilities for protecting female workers, establishing a system of providing female workers with medical treatment and physical examinations at regular intervals, and intensifying the research and development of goods for protecting female workers.

- Actively carry out labor supervision, and prosecute all acts that infringe upon women's legitimate rights and interests. Firmly stop businesses from retracting labor contracts with female workers when they are pregnant, giving birth, and breastfeeding babies; from forcing female workers to do hard work that exceed their physical strength; and from violating the principle of paying male and female workers equally for doing the same type of work. Make these businesses guarantee female workers an environment that will not jeopardize their physical and mental health and safety. Units or individuals hiring girls under 16 must be punished according to the law.

- Incorporate labor protection for female workers with leaders' responsibilities for ensuring production safety, and make labor protection one of the yardsticks for assessing the performance of those in charge of enterprises' operations. Intensify the work of educating people on laws and regulations for protecting female workers, and heighten female workers' awareness of protecting themselves.

- Reform the system for female workers' childbirth protection. Fees for insuring female workers' childbirth, which are now managed by enterprises, will gradually be managed by society collectively. This reform will be extended gradually from state enterprises to all enterprises.

#### 7. Education and Occupational Training

- Governments at all levels should earnestly implement the State Council's Regulations For Wiping Out Illiteracy, and give priority to wiping out illiteracy among young women and women in their thirties and forties living in remote, poverty-stricken, and minority areas. The uneven economic and cultural development in different places should be considered and proper guidance should be provided to them accordingly.

- Governments at all levels should earnestly implement the PRC Compulsory Education Law, proceed with promoting compulsory education while developing productive forces and combating outmoded habits and concepts, and create a social environment favorable for girls to receive education. Policy support and financial assistance should be given to remote, poverty-stricken, and minority areas. All forms of education, including literacy classes, should be held to help girls in poverty-stricken areas to receive education. Governments at all levels should actively help solve the problem which prevents girls from attending school because of families' financial problems.

- Gradually increase the proportion of females receiving secondary technical education and higher education. With the exception of certain specialized fields stipulated by the state, all secondary professional schools must uphold the principle of enrolling male and female students equitably while admitting students.

- In accordance with the needs of social development and women's characteristics, promote all forms of professional education and training courses at all levels among women living in urban and rural areas, making full use of the educational resources of schools for adult education and professional training.

#### 8. Hygiene and Health Care

- Establish and improve the maternity and child hygiene institutes at various levels. Equip township clinics with better obstetrical facilities so that they are able to deliver babies and provide emergency treatment. Efforts should be made to increase lying-in women's delivery rates in rural clinics, or at homes with new midwifery methods. By the year 2000, 85 percent of maternity and hygiene workers of township clinics should know how to provide obstetrical first aid and received obstetrical training, and 80 percent of village midwives should be retrained.

- Establish a network and a conventional system to monitor and report maternity and child hygiene. Establish and improve the system of reporting deaths of normal pregnant and lying-in women, newborn babies, and babies with visible disabilities.



— Provide systemic health care for pregnant and lying-in women. There shall be measures for guarding against common diseases from occurring among mothers during pregnancy, lying-in periods, and periods of confinement; and among fetuses and perinatal babies. Lower newborn babies' death rates by popularizing the techniques of resuscitating newborn babies.

— Broaden women's health education. Educate women on health, sexual science, personal hygiene, and child-care to meet women's different physiological and psychological needs during their girlhood, adolescence, reproductive period, peri-menopause period, and old age to promote women's physical and mental health and give play to women's role in providing family health care.

— Screening women's diseases, giving priority to screening and treating diseases which seriously endanger the health of women in rural areas.

— Give newborn babies tetanus inoculation, and give women living in highly susceptible areas and women in childbearing age tetanus toxoid inoculation. Continue to lower the frequencies and mortality rates of diseases by popularizing among women the knowledge about the need to immunize their children.

— Ensure women's physical need of iodine by iodizing table salt and prescribing iodine oil capsules for them. To basically eradicate juvenile retardation caused by iodine deficiency during women's pregnancy and breastfeeding period, tonic iodine oil should be available to 95 percent of newly-wed women and pregnant women by the year 2000.

— Improve the ecological environment and control health hazards to women living in fluoride-rich areas by controlling water quality, defluoridating water, and remodeling stoves. Intensify treatment for patients with fluoride-affected teeth and bones.

#### 9. Planned Parenthood

— Launch nationwide education on population control and planned parenthood in a widespread, deep-going, and sustained manner. Educate the vast number of women on China's basic situation and basic policies, and guide them to change their concepts on marriage and childbirth and establish the new concepts about advantages of late marriage and childbirth and having fewer but healthier babies, as well as the concept that baby girls are just as preferable as baby boys.

— Popularize among the vast number of women through various channels the scientific knowledge concerning contraceptives, birth control, how to raise healthier babies, and maternity and child hygiene. Actively promote

consultative services about hereditary disease, mother and child care, and screening of newborn babies. Actively research and develop new, safe, effective, and convenient contraceptives and birth control techniques. Improve and perfect the existing contraceptive techniques and methods to lower their side effects, reduce complications and rejection, and protect women's reproductive health. By the year 2000, the rates of babies born with congenital disabilities should reduce by one-half the 1990 figure. By the year 2000, complications from birth control surgery should be controlled to under 10 per 10,000 cases.

— Establish and improve the grass-roots planned parenthood networks that provide couples at childbearing age with various types of safe, effective, and convenient contraceptives and technical birth control services, and actively provide birth control guidance in order to increase the popularity and effectiveness of contraceptive use.

#### 10. Legal Protection

— Enact well-suited, practical, functional administrative regulations or appropriate policy measures in line with the Constitution of the People's Republic of China and Law of the People's Republic of China on Protection of Women's Rights and Interests, so to make the implementation of the laws that are designed to protect women's rights and interests more efficient.

— Improve the qualities of and strengthen the ranks of judicial and administrative law-enforcement personnel. In this regard, a better monitoring system, as well as stronger leadership, are also to be stepped up to ensure all-round implementation of laws and regulations aimed at protecting women's rights and interests. Failure to enforce the laws and activities that violate women's rights must be strictly investigated in line with the laws.

— Make continued and sustained efforts in implementing and publicizing the Marriage Law of the People's Republic of China and other relevant laws and regulations nationwide, particularly in the rural, poverty-stricken and remote areas. With a consolidated marriage registration system, the country has adopted efficient measures to ban early marriage, mercenary marriage, and the marriage of close relatives.

— Protect the personal and property rights of women, and handle civil cases involving infringements of women's rights and interests promptly.

— Fight crimes involving abducting, buying, selling, abandoning, ill-treating, persecuting, and humiliating women to safeguard women's personal safety and dignity. Firmly crack down on prostitution and other social evils.

— Strictly handle crimes involving drowning, buying, selling and injuring baby girls. Strictly enforce the ban on the identification of a fetus's sex by using modern medical technology for nonmedical purposes and crack down on illegal activities undermining family planning.

— Publicize extensively and intensively laws through various channels to improve people's legal sense, especially to help women build a sound understanding of the law and enable them protect their legal rights and interests by using the law properly.

— Protect women's rights of accusation and appeal. Build a sound system for receiving women petitioners and handling their complaints and watching out against the practice of shirking responsibility and putting off taking any action. Provide legal consultation and representative services to help resolve their difficulties and seek justice for women victims.

#### 11. Create a Better Social Environment for Women's Development

— Make people aware of women's great role in the building of civilization and social development. The concept that women and men are equal is to be highly publicized, and the projection of an image of a dignified, confident, independent, and strong woman is encouraged. Meanwhile, the country bans the derogatory and derisive portrayal of women in mass media and publications. Social discrimination and prejudice against women should be eliminated and public awareness of protecting women's rights and interests should be enhanced.

— Protect women's equal status in the family. In this respect, violence in the family must be stamped out. The country encourages the improvement of the building of a family culture, as well as the improvement of the quality of the members of families. Promotion of a family culture that integrates moral, scientific, and cultural education within the family, as well as development of the family economy, is also encouraged. A civilized, scientific, and progressive style of life is encouraged in order to bring about better values in the family and society at large.

— Strengthen training of women and construction of activity sites for women and organize women to study cultural and scientific knowledge, and take part in healthy recreational and sporting activities.

— Continuously strengthen community services, child care services, and domestic help services so as to reduce the burden of housework of professional women.

— Develop psychological consultative services for women and improve women's psychological qualities.

— Promote the research and development work of health products and other goods for use by women.

— Develop provincial social welfare services. Support orphaned and disabled girls and helpless old women without legal providers, ability to work, or sources of income, build welfare institutes, old folks' homes and other welfare facilities for them, and outfit them with the necessary medical, rehabilitation, and other equipment.

— Publicize the basic national policy of environmental protection among women. The government supports and encourages women to develop farming practices that protect the ecology and to initiate projects to promote afforestation and soil conservation.

#### 12. Support Women's Development in Poor Areas

— Provide women with training in practical skills so as to improve their ability to lift themselves from poverty.

— Develop aid-poor projects which are suitable for women.

— Pay close attention to the living conditions of disabled women, promote in society a wholesome social climate of understanding, respecting, caring, and helping the disabled, and make appropriate arrangements for the livelihood, recovery, education, and employment of disabled women.

#### Organization and Implementation

13. The Women and Children's Working Committee under the State Council is responsible for the implementation of this outline. All the related departments of the State Council and mass organizations should, in accordance with the requirements of this outline and in connection with their respective scope of responsibility, put forward specific plans for carrying out this outline.

14. Implementation of the outline is a major, unshirkable responsibility of governments at all levels. All provincial (autonomous regional and municipal) governments should — under the guidance of the outline and in connection with local conditions — work out local women's development programs, which should be incorporated in the overall plan of local economic and social development. A target responsibility system should be instituted and the results of implementing the programs will be used to evaluate the work achievements of top leaders and officials of provincial (autonomous regional and municipal), prefecture (city), county, and township governments.

15. Governments at all levels should gradually increase investment in women's development, improve the social service system, give more support in terms of materials,



information, know-how, and loans for women's participation in economic activities, and call on all quarters of society to support women's programs.

#### Monitoring and Evaluation

16. To establish and perfect the labor supervisory system, hygiene monitoring, educational supervision, statistical evaluation, and a legal supervisory mechanism in a bid to ensure the enforcement of the general goals set by the outline.

17. To do a good job of comprehensive statistics concerning women's development at the national level and establish a database listing statistics targets according to sex. To ensure timely collection, processing, and feedback of information about women for the purpose of supplying a basis for predicting development trends and making plans, informed policies, and evaluation of women's development.

18. To set up a national monitoring system on the situation of women and work out a practical and scientifically standardized monitoring and appraisal plan to examine the situation of women in a dynamic and all-round way.

19. To get an understanding and evaluation of the degree of enforcement of the outline, it is necessary to set up a system of regular examination and evaluation so as to find out problems in time and solve them properly. While enforcing the outline, it is necessary to adopt various investigation approaches, reflect the development and changes in the situation of women in a comprehensive, systematic, and timely fashion, and conduct, where necessary, special evaluations or interim evaluations. In addition, by the turn of the century, it will be necessary to conduct a final and comprehensive evaluation and summary of the outline and make a new one for women's development in the next century.

#### Science & Technology

##### CNNC Executive on Usage of Nuclear Technology

OW0808134095 Beijing XINHUA in English  
1251 GMT 8 Aug 95

[FBIS Transcribed Text] Beijing, August 8 (XINHUA) — Eighty percent of the output value of China's nuclear industry is generated from the civilian-use of nuclear technology, Jiang Xinxiong, general manager of the China National Nuclear Corporation (CNNC), said here today.

China's nuclear industrial structure is undergoing fundamental changes, Jiang said, adding that the country's nuclear industry has entered a period of developing products for civilian use.

As an important part of peaceful use of nuclear technology, China has widely applied isotope and radioactive technologies to industry, agriculture, medical care, environmental protection, resources and scientific research. Over 1,500 products have been developed for civilian use.

Jiang said China's nuclear technology for use in agriculture is in a leading position in the world. Its radioactive technology has cultivated more than 400 fine strains for scores of agricultural crops. These strains account for one quarter of the world's total.

In medical field, over 800 hospitals at city or prefecture level have now set up nuclear medical branches. Some 1,200 hospitals have taken advantage of isotope for diagnosis and treatment. These diagnosis methods have surpassed 200 in number, with 30 million people under treatment, according to statistics.

In the field of industry, the radioactive processing industry can irradiate a dozen chemical products and over 20 pasteurized medical-care appliances. Nuclear technology has also been used for looking for mineral deposits, producing metal magnesium, aluminum-alloy and fertilizer, he noted.

"The development of nuclear power is a significant step China has taken to put nuclear technology into civilian use," he said, adding that the power output of the Qinshan Nuclear Power Plant and the Daya Bay Nuclear Plant have so far expressed willingness to host the project. [sentence as received]

The agency officials said all three prefectures have plans which fulfill the conditions for constructing the ITER stated in the report.

##### Physicists Meet To Discuss Issues at Seminar

OW1008132595 Beijing XINHUA in English  
1256 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — About 800 physicists from all over the world gathered here today to discuss the latest achievements and discoveries in high-energy particle physics.

Zheng Zhipeng, director of the Institute of High-Energy Physics of the Chinese Academy of Sciences (CAS), said today the 17th International Seminar on Lepton-Photon Interactions is one of the two most important regular academic meetings in high-energy particle physics.

He said only countries or regions with advanced high-energy experiment centers and major achievements are qualified to host such a meeting.



In his opening speech at the five-day seminar, CAS President Zhou Guangzhao said high-energy physics experiments on various subjects carried out by scientists over the past few years have culminated in the recent discovery of the top quark on TEVATRON at FERMILAB, a national laboratory in the United States.

The discovery of the top quark particle is widely considered as a major breakthrough in high-energy particle physics.

"Chinese and American scientists have made advanced achievements over the past few years by using the Beijing Electron-Positron Collider (BEPC), which is the best in the world within a certain energy range", the president said.

Physicists from the United States, Britain, Japan and other countries, including Nobel Prize winners T.D. Lee and S.C.C. Ting, and 200 Chinese experts are attending the seminar.

#### **Satellite Telecommunications Station Opens**

*OW1008073495 Beijing XINHUA in English  
0638 GMT 10 Aug 95*

[FBIS Transcribed Text] Lanzhou, August 10 (XINHUA) — A Lanzhou-based earth satellite telecommunications station began operating recently, hooking up with the national satellite telecommunications network.

Involving a total investment of 30 million yuan, the station consists of micro-wave equipment, digital terminals, and optical cable lines, the major components of which were imported from Canada, and a parabolic antenna, 12 meters in diameter and 8,000 kg in weight, which is Chinese made.

Begun in 1991, construction and equipment installation were finished by the end of last year, and testing of the link up with the international and domestic satellite network was done early this year.

In the first phase of operation, the Lanzhou satellite station will be available through 420 long distance telecommunications lines.

When coupled with the optical cable, digital microwave, and other transmission systems, the newly installed satellite network will effectively alleviate the strain on the present telecommunications system.

#### **Military & Public Security**

##### **Missile Exercises in East China Sea Announced**

*OW1008101895 Beijing XINHUA in English  
1013 GMT 10 Aug 95*

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — The Chinese People's Liberation Army will conduct

guided missile and artillery firing exercises in the East China Sea from August 15 to 25, 1995 and ships and aircraft are advised not to enter the exercises area, according to an announcement just released by the Chinese Ministry of Communications.

The Ministry's announcement says: "From August 15 to 25, the Chinese People's Liberation Army will conduct exercises of guided missile and artillery live ammunition firing in and over a sea area formed by a line connecting four points at 27 degrees 16 minutes north and 121 degrees 26 minutes east, 27 degrees 16 minutes north and 122 degrees 30 minutes east, 26 degrees 30 minutes north and 122 degrees 05 minutes east, and 26 degrees 30 minutes north and 121 degrees 00 minutes east in the East China Sea.

For the sake of safety ships and airplanes of other countries and regions are requested not to enter the said sea area and airspace during the period."

##### **PRC Military To Stage Oct Landing Operation**

*HK1008073595 Hong Kong LIEN HO PAO  
in Chinese 10 Aug 95 p 1*

[Report by staff reporter: "Infuriated by Li Teng-hui's Announced Plan To Stage War Game in October, Mainland China Plans To Conduct War Game at the Same Time in a Show of Force to Taiwan"]

[FBIS Translated Text] The mainland Chinese military is to stage a large-scale naval, ground, and air landing operation exercise in the coastal areas of Fujian and Zhejiang in October. According to a source in Beijing, as Li Teng-hui claimed that Taiwan would conduct a "considerable exercise" in October, Li had, in the view of the mainland military hierarchy, taken the initiative to make armed provocation against the mainland after the latter ended its missile test firing ahead of schedule. For this reason, the military hierarchy is "seriously" considering taking advantage of the exercise to show Taiwan "by the way" its combat power.

Together with the annual exercises of the People's Liberation Army [PLA], the mainland has continuously carried, through XINHUA News Agency, commentator's articles attacking Li Teng-hui. The source added: The mainland hierarchy has decided that the current spate of verbal offensives [wen xuan gong shi 2429 1357 2396 0528] against Li will continue until the legislative councillor election in Taiwan at the end of this year.

The source pointed out: The first stage of China's annual operation exercises in the coastal areas, which started in June, has ended for the time being. The next stage will be the naval, ground, and air landing operation exercise in October. The exercise, which was planned long ago,

is primarily aimed at demonstrating the PLA's island landing operation capability with the coordination of numerous services rather than responding to Taiwan's October exercise. In the past, when both sides conducted the exercises, the mainland has never given it big publicity. However, Li's public announcement to display the "powerful firing power" of Taiwan's three services has aroused the "strong concern" of the PLA hierarchy.

The source said: Although cross-strait relations tended to relax in the past few years, the mainland military hierarchy holds that, to prevent Taiwan independence, the PLA still should strengthen its defense force to "safeguard the reunification of the motherland." For this reason, since 1991 the PLA has conducted various types of operation exercises annually with Taiwan as the imaginary enemy. The Nanjing Military Region is the main military region to conduct such exercises against Taiwan. Over the past two years, with Taiwan pursuing pragmatic diplomacy and constantly moving to rejoin the United Nations, the mainland military has staged even more frequent simulated war games against Taiwan. It is pointed out that, apart from testing its combat power, another purpose of the "Donghai No. 4" [dong hai si hao 2639 3189 0934 5714] three-service joint landing operation exercise conducted by the PLA on Fujian's Dongshan Island in September and October last year, as well as the naval and air joint operation exercise conducted on Zhoushan Islands, was to "warn" Taiwan against taking the path of "Taiwan independence."

#### **Border Defense Forces Crack 36 Piracy Cases**

OW0908124095 Beijing XINHUA in English  
1224 GMT 9 Aug 95

[FBIS Transcribed Text] Beijing, August 9 (XINHUA)  
— China's frontier defense forces along the coastal

regions have cracked 36 piracy cases at sea, seized 61 pirates and smashed six crime syndicates in the first six months of this year, the Public Security Ministry said here today.

"Such crackdowns have effectively protected the safety of China's fishermen and fishery production, maintained the public order of the country's territorial waters and made contributions to the economic development of the coastal areas," a public security officer said.

Since last year, many robberies have taken place in the country's offshore areas, especially off southern Guangdong and Hainan provinces and the Guangxi Zhuang Autonomous Region, which have severely disrupted the country's fishery industry, he explained.

Guangdong, bordering Hong Kong, cracked 26 piracy cases in the first half of this year, seized 44 offenders and smashed four gangs, according to the sources.

Shandong province in east China has organized seven security forces against pirates, with a staff of 1,900, he said.

The coastal provinces have also tightened control over motor boats to prevent criminals making use of the high-speed boats to commit crimes.

### General

#### Ministry Urges Enforcement of Financial Discipline

HK1008065995 Beijing CHINA DAILY in English  
9 Aug 95 p 5

[Article by Liu Weiling: "State Urges Discipline In Enterprise Slush Funds"]

[FBIS Transcribed Text] Enterprises and institutional departments are urged to continue investigating private treasuries within their operations to enforce financial discipline, according to a notice issued yesterday by the Ministry of Finance.

Private treasury refers to money collected and held by enterprises and departments without turning it over to the State finance system.

Most of the money comes from illegal fund raising and fee collection, according to an official with the ministry.

The ministry also expects the investigation of private treasuries to promote the country's anticorruption efforts. Lack of supervision over these funds has led to capital squandering and corruption.

The notice said by the end of June, 1.16 million enterprises and departments had conducted self-inspection on their private treasury situations.

A total of 1.47 billion yuan (\$177 million) has been discovered, including 1.067 billion yuan (\$128.55 million) from local departments and 403 million yuan (\$48.5 million) from central government departments.

Meanwhile, the ministry also requires a timely turnover of the discovered money to the State finance department.

As for those departments that refuse to hand in their private money, banks will take their own measures to return this part of money to the State treasury, the notice said.

The investigation, started in early May, is expected to end in mid September.

#### Firm Reports 'Marked Increase' in Oil, Gas Output

OW0908124195 Beijing XINHUA in English  
1207 GMT 9 Aug 95

[FBIS Transcribed Text] Beijing, August 9 (XINHUA) — China's oil and gas output in the first seven months of this year topped 85.76 million tons and 9.47 billion cu m, respectively, both showing marked increase over the same period of last year.

According to the China National Petroleum Corporation (CNPC), China's onshore oil output in the January-July period stood at 81.4 million tons, completing 58.8 percent of the annual target.

In the same period, the country's offshore crude oil output hit more than 4.32 million tons, exceeding the figure of the same 1994 period.

Officials of the CNPC said that China's oil and gas production is characterized with a stable growth in the eastern part of the country, whose oil output accounts for 90 percent of the national total, and a sharp rise in the western part.

Statistics show that Daqing and Shengli oil fields in East China turned out 32.5 million tons and 17.3 million tons of oil, respectively, in the first seven months of this year, maintaining the status as China's giants in oil production.

Meanwhile, oil fields in west China, particularly those in the Xinjiang Uygur Autonomous Region, have scored a sharp growth in oil output.

Figures released by CNPC show that Tarim oil field and Turpan-Hami oil field produced 1.5 million tons and 1.1 million tons of crude oil, respectively, in the first seven months of this year, both up 30 percent over the same 1994 period.

The officials said that oil fields in west China have achieved massive benefits, which are rapidly rising as the country's important strategic replacement areas of oil production.

They said that the three great oil fields of Tarim, Zhunggar and Turpan-Hami in Xinjiang are expected to develop a production capacity of 17 million tons of crude oil by the year end.

The country's total oil and gas output will top 145 million tons and 16.5 billion cu m, respectively, by the end of this year, the officials forecast.

#### Ministry Reports Progress in Labor System Reform

HK1008065695 Beijing CHINA DAILY in English  
9 Aug 95 p 1

[Article by Cao Min: "Headway Made on Labour Reforms"]

[FBIS Transcribed Text] China has made headway in its labour system reform—focusing on introducing a new labour contract system and phasing in a blanket social insurance network, the Labour Ministry has signalled.

The reform—as a part of the nation's economic restructuring — was based on the new Labour Law which came into effect in January.

Of the 30 provinces, municipalities and autonomous regions in the Chinese mainland, 29 have issued measures



to implement the contract labour system defined by the new Labour Law.

Over 300 cities and counties experimented with comprehensive regional labour reform measures in the first six months of this year, and at the same time 43,000 State-owned enterprises reformed their labour, wage and social insurance systems to meet the demands of the market-oriented economy, covering as many as 15 million employees.

A pilot scheme to integrate socialized insurance with individual pension accounts in the reform has been progressing this year.

Seven provinces, municipalities and autonomous regions have promulgated local regulations.

A total of 34 million workers in State-owned enterprises have been covered by the programme to receive pensions from banks instead of directly from their employers.

And 500 counties have started child-birth insurance programmes, a 70 percent increase.

Nearly 8 million employees have bought insurance against injury at work, and the labour departments provided unemployment insurance to 2 million workers.

Over 4 million workers in State-owned enterprises have joined the insurance programme against serious illness.

The pilot scheme—where individuals pay some of their medical costs—has been successful in some cities, and is expected to be expanded nationwide soon.

The salary reform aims to encourage production by allowing enterprises to adjust wages according to its economic efficiency and the performance of individual workers.

Some 40,000 State enterprises have implemented a new wage system covering 30 million employees.

By the end of June, 28 provinces, municipalities and autonomous regions have set up a local minimum wage scheme to protect employees' rights and interests.

The Ministry of Labour this year plans a social insurance system to accommodate retired workers.

**CAAC Directors Stress Technology at Conference**  
*HK1008065795 Beijing CHINA DAILY in English*  
9 Aug 95 p 2

[Article by Yang Yingshi: "CAAC Is Set To Fly Into Next Century"]

[FBIS Transcribed Text] Science and technology should play a more active role in developing China's civil

aviation industry, a senior official stressed yesterday in Beijing.

Chen Guangyi, Director of the Civil Aviation Administration of China, said his administration wants a 30 to 35 percent industrial increase by the year 2000, and 50 percent by 2010.

Technology is important to assure that safety, staff quality, good management and top service are available through the country's civil aviation system, which is expected to reach international standards early in the next century, Chen told the opening of a three-day national conference of China's ranking civil aviation officials.

Also speaking at the meeting, CAAC Deputy Director Shen Yuankang said that, to reach their goals, the administration will pay close attention to four things: infrastructure construction, navigation safety, education and management.

Shen said the administration will transfer its previous focus on increasing handling capacity to the construction of infrastructural facilities.

Advanced technologies will be introduced to improve air transportation control, telecommunication, navigation guidance, weather observation and other complex services.

By the end of the century, 80 per cent of aircraft maintenance units in the country are targeted to reach international levels Shen said.

Also more priority will be given to the construction of large and middle-sized airports and 10 oil stations, he said. And an information management system will be established to apply scientific methods to ensure navigation safety.

To improve the quality of aviation personnel by the turn of the century, 600 pilots, 400 aviation management staff members, 700 operation staff members and 500 transportation specialists will be trained each year.

Shen also encouraged more research on the scientific management and operation of civil aviation transportation enterprises which have experienced decreases in profits and some losses.

A science and technology research centre in civil aviation will be set up by the year 2000, Shen said.

The conference was told that the Chinese civil aviation sector has witnessed marked progress in science and technology in recent years.

Each year about 30 important scientific and technological inventions are achieved in the industry. Since 1985,

116 such items have won national or administration-level awards and have played a substantial role in assuring safe and timely navigation as well as good services.

#### **Leading Insurer Sets Up Network of Agents**

OW1008100895 Beijing XINHUA in English  
0945 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — China's No.1 insurer is setting up a comprehensive network of agents to keep up with the thriving insurance business.

The People's Insurance Company of China (PICC) had nearly 200,000 agents bringing in 15.9 billion yuan, or 40 percent of PICC's total income, by the end of 1994.

The agents have expanded PICC's business, reduced its operating costs, and improved economic returns, according to a PICC official.

PICC will restructure the rural agent network by opening more businesses in suburbs and economically-developed towns to tap the huge rural insurance market, he said.

In densely-populated urban areas, the agents will be urged to provide more services for different social groups and to broaden the scope of their coverage.

All the agents will receive training in accordance with China's first insurance law, which will be put into effect on October 1, so as to meet the requirements of the People's Bank of China (PBOC), the administrator of China's insurance sector, he explained.

New agents will need to qualify before they can be hired and their organizations will have to register with government departments in line with the law.

PICC hopes that the improvement of its agents will enable it to retain its leading position in the face of fierce competition.

Hundreds of branches of three national insurers, namely PICC, Pacific, and Ping'an, three regional underwriters, and two overseas insurance companies in Shanghai, are sparing no effort to gain a larger share of the burgeoning insurance market in China.

A PBOC official has said that 10 more insurance companies are expected to be established in China in the near future.

With the current annual growth rate of about 40 percent, China's income in this field will reach 200 billion yuan by the end of the century, according to the World Bank's statistics.

#### **\*CASS Group Assesses 1995 Economic Situation**

95CE0514A Beijing JINGJIXUE DONGTAI  
[ECONOMIC DYNAMICS] in Chinese 18 May 95  
No 5, pp 8-11

[Article by Chinese Academy of Social Sciences Topic Group: "Projecting Social Economic Situation in 1995"]

[FBIS Translated Text] The "social situation analysis and forecasting" topic group of the Chinese Academy of Social Sciences [CASS] held a seminar in October 1994 to analyze and project China's social economic situation for 1994-1995. Taking part were experts and scholars from such units as the CASS, State Council Development Research Center, State Restructuring of the Economic System Commission, State Statistical Bureau, Ministry of Public Security, Ministry of Personnel, Supreme Procuratorate, Ministry of Civil Affairs, Ministry of Construction, United Front Department, State Family Planning Commission, Beijing University, Beijing Polytechnic University, and the Chinese Economic and Social Investigation Group. The topic group also conducted a questionnaire survey on the social economic situation in 1994-95 among 170 experts from different fields nationwide during the months of October and November of last year. Also, it conducted a random survey on over 20,000 urban and rural residents in a dozen provinces and municipalities. After analyzing the findings and data, we present below our projections about the economy and society in 1995 along with some strategies and proposals specifically targeting some of the problems existing today.

#### **1. Forecasting Social Economic Situation In 1995**

1. The economy will continue to "soft land" while maintaining a fast pace of growth.

If the central government's current policy of tightening credit and curtailing the size of fixed assets investment remains in effect through 1995, economic growth will moderate slowly without causing any wild ups and downs. On the other hand, the new growth vehicle of the national economy, namely township and town enterprises, will remain a powerful force driving the economy forward. The de-agriculturalization of the economy will continue unabated. These two factors, coupled with a robust consumption demand and the significant amount of investment in 1994, will keep the economy expanding at a high rate, projected to be 10 or 11 percent. In response to price signals and barring any major natural disasters, grain production is expected to rebound in 1995. In the case of cotton, however, the situation will get worse unless there are some market-oriented adjustments in the supply and marketing policy.



2. The standard of living continues to rise and the rate of commodity price increases will beat a gradual retreat.

As economic growth slows down and the size of fixed assets investment is reined in and brought under control, the rate of price increases should slacken off appreciably provided there are no new upward price adjustments with an overall impact in 1995. On the other hand, when one considers the delayed effects of price increases and the fact that there is a time lag before the impact of rising costs is felt, commodity retail prices are not expected to drop below 13 percent. Bear in mind also that some departments and institutions did not carry out wage reform in 1994. As they play the catch-up game this year, they will generate additional demand, which will drive up prices. After adjustment for inflation, the per capita income in urban and rural areas will go up 6 to 8 percent. Fueled by the accelerated growth of township and town enterprises, per capita net incomes among peasants in central and western China will increase notably, but not enough to prevent their gap with incomes in eastern China from widening in absolute terms. Redoubling its antipoverty effort, the state is set to increase work-in-lieu-of-relief funds by 1 billion yuan and special interest-subsidized loans also by 1 billion yuan each year. As the government targets its resources at 592 impoverished counties in its war on poverty, the elimination of poverty is expected to accelerate. However, we know from international experience that when poor people constitute 10 percent of the population, the poverty issue will enter the bottleneck stage. If we are to realize the goal of meeting the food and clothing needs of China's 80 million impoverished people by the end of this century, we must lift 11.428 million people from the poverty line every year, 6.428 million people more than in the 1986-1992 period. The task has become doubly hard.

3. State enterprise reform will quicken its pace and enterprise profitability may take a sharp turn for the better. On the other hand, providing the employees of bankrupt enterprises with a means of livelihood will become one outstanding problem.

The reform and reorganization of state enterprises lies at the heart of economic restructuring in 1995. The pace of reform will quicken appreciably. Profitable state enterprises can expect their fund shortage problem to ease. As for the chronically unprofitable enterprises which have no hope of turning the corner, they will leave the realm of competition in stages through bankruptcy. If this part of reform proceeds smoothly, the growth rate of state enterprises will rebound remarkably; and also several other indicators including the number of money-losing enterprises as a percentage of all state enterprises, loss subsidies, and the overall margin of profit. In the process

of this change, however, how to ensure a livelihood for the workers of bankrupt enterprises and place them in new jobs will assume growing importance.

4. The population will continue to grow at a low rate. Nevertheless, the increase in the population is so large that the demographic situation will remain a formidable one.

China's natural population growth rate is expected to remain at the 12 per thousand level in 1995, with the birth rate about 19 per thousand through the year. However, the population as a whole is still at its peak growth point, the number of child-bearing women between the ages of 15 and 49 totaling 326 million in 1994, 3 million more than in 1993. This includes 120 million ranging in age from 20 to 29, the most fertile years. Of these 120 million women, over 12 million were 23 years old, the year of optimal fertility. For this reason, the absolute increase of the population will not be less than 14 million people. The total Chinese population is expected to hit 1.213 billion in 1995. Barring major reversals, it is estimated that the Chinese population will be contained at 1.28 billion by 2000.

5. Urbanization and the relocation of the labor force will continue to accelerate while the seasonal pressure of rural migration will diminish.

In the wake of the runaway development of township and town enterprises, particularly the acceleration of the relocation of labor from agriculture into non agricultural sectors in townships below the county level, the township population will continue to increase relative to the overall population. Urbanization in China may reach or exceed 31 percent. In response to the adjustment of the industrial structure and driven by comparative advantage, as many as 9 million surplus rural workers may join the secondary and tertiary sectors each year. At the same time, the flood of rural migrants pouring into cities will moderate because of the flourishing of non agricultural industries in the countryside, the roll-back of new capital construction projects in urban areas, and a diversification of employment channels. Inter-province seasonal migration pressure will diminish. Within individual provinces, seasonal labor "exports" will vary in size depending on the circumstances in the province in question; but they are expected to account for between 30 and 50 percent of total labor "exports." However, seasonal rural migration will remain substantial. During the Spring Festival, in particular, homeward-bound rural migrants are expected to jam railroads, highways, and ferries, putting those means of transportation under enormous strains.

6. Social order would continue to improve, but law and order is still a leading public concern.



The crackdown on violations of the criminal code, the drive to rectify economic order, and the campaign against pornography and corruption will continue with heightened vigor in 1995. There will be an extensive campaign to stamp out profiteering, violations of intellectual property rights, tax cheating and evasion, and other efforts to shake up law and order in the countryside. However, some forms of illegal conduct and evil social phenomena which disrupt social order may rear their ugly heads again after lying low for some time. This is particularly true in the case of economic criminal activities. Lured by the prospect of making a killing, some people are prepared to take risks. Even as we steer state enterprises, that have been losing money heavily, toward bankruptcy protection, we must exercise vigilance against the loss of state properties and prevent speculation in state enterprise property rights. In the course of social transition, social law and order will always remain a top public concern.

7. Women and family issues will attract growing attention.

The Fourth World Conference on Women is scheduled to be held in Beijing in 1995. This event will encourage the government, the public, the news media, and social opinion to take note of women's and family issues. Women's rights, social participation by women, the impact of the nuclear family on inter-person relations, the rising divorce rate, the unbalanced sex ratio accompanying the one-child policy, and family planning may well become hotly debated social topics.

8. Three issues will arouse public concern.

Members of the public will be most concerned about these three issues in 1995: "bring skyrocketing prices under control," (71.67 percent); "crack down on corruption," (39.97 percent); and "social stability," (24.99 percent). Among the major factors that may militate against the sustained, rapid, and healthy development of society and the economy are the following:

a) The rate of inflation hit a post-1949 high in 1994. Although it is expected to drop notably in 1995, the retreat will be a gradual process, meaning that it will not occur overnight. It would be no mean feat if we succeed in bringing it down to 13 percent, same as in 1993. Even with 13 percent, the living standard of some low-income households would still be severely affected, exacerbating the conflict of interests among different social strata. Moreover, the accelerated transformation of state enterprises may present the employees of some money-losing state enterprises with difficult choices and upset their long-established psychological balance. The competition for jobs posed by new entrants into the labor force will also intensify. In the past few years, the ur-

ban unemployment rate has stabilized at 2 to 3 percent. That may go up as hidden unemployment and underemployment are unmasked. In the rare event that high inflation goes hand in hand with high unemployment (according to the Fei Li Pu Si curve, the inflation rate and unemployment rate should be inversely proportionate to each other), enormous damage would be done to the stable environment depended on by social economic reform and development.

b) Grain output fell 10 million tons in 1994 compared with 1993. While natural disasters were partly to blame, an even more important reason is the fact that every region scrambled to build economic development zones in the last couple of years, sharply curtailing the amount of land devoted to farming and that as rural workers left their villages in large numbers; plus the contracting and subcontracting of farmland was not done in a systematic way, which resulted in the abandonment and idling of land. Furthermore, driven by comparative advantage, land was taken out of grain cultivation and used to grow economic crops. These factors will not disappear in 1995. If grain output declines further, it will set off a series of chain reactions, threatening the stability of commodity prices. In 1994, the prices of the leading cereals almost doubled in China compared with 1993, gradually approaching international levels. This development has persuaded some provinces along the southeastern coast to consider importing grains. By itself, increasing grain prices has almost lost its effectiveness as a means of mobilizing the enthusiasm of peasants to grow grains. Even so, the comparative advantage gap continues to widen. For a substantial number of grain growers, sluggish income growth is still a problem that has yet to be resolved. The peasant living standard went up considerably in 1994 on the average; but average numbers mask one problem, namely that relatively speaking more people suffered a decline in real living standards compared with the year before. In terms of social stability, the real peasant problem is not the so-called "rural migration" (because migration benefits both migrants and society). No, the real peasant problem has to do with those people who should benefit from rural development but have not actually done so. The former, rural migrants, presents us with a management and direction challenge. But without the former, the latter would become an even trickier problem.

c) 1995 is still a critical time during which the macro framework of the new economic system continues to be tested and the pattern of interests continues to be readjusted. Also, the deepening of reform more and more will impinge upon the rigid part of the distribution of interests. Accordingly, it will be even more important

to ensure political stability and the authority of the central government. After the introduction of the tax separation system in 1994, which revenue goes to which government, central, provincial, or regional, is now clear. But among the four levels of government within a province or region, the distribution of revenue has not yet been specified with a set ratio. As a result, revenue often gets siphoned off level after level as it makes its way from bottom to top. Meanwhile, the percentages of funds deducted increase level after level from the top down. For any given locality, nothing is more indicative of fiscal hard times than the inability of the local government to pay its workers. When a locality cannot pay its workers, not only does it violate the law, but it also loses popularity. Seldom has this happened since the founding of the PRC. At the heart of social stability is public confidence, especially the confidence of the army of grass-roots cadres and that of intellectuals.

## 2. Some Strategies and Proposals

### 1. Continue to tighten macroeconomic regulation and control and firmly bring inflation under control.

Continue to stick to the policy of tightening credit and limiting the size of fixed assets investment by turning commercial banks into market-oriented banks. Strictly rein in the rate of inflation. Delay the introduction of new price adjustments affecting capital goods. Do related work well as a follow-up to the five major pieces of reform. As far as household savings are concerned, we must continue to make sure they are inflation-proof. Prevent the growth of total wages from exceeding that of productivity excessively. Prevent different sectors from engaging in a race to see which hands out higher wages. Crack down on profiteering and fraud in the economic arena. Curb excessive speculative activities.

### 2. State enterprise reform must be accompanied by corresponding reforms in the security system.

Even as we accelerate state enterprise reform, we must be careful to relieve state enterprises of their historic burden. In particular, we must take pains to make corresponding changes in the security system. Expand the social unemployment insurance fund and the social comprehensive security fund. Hasten the replacement of "enterprise insurance" with "social insurance." Ensure that the employees of bankrupt enterprises do not go hungry and provide them with job training. If necessary, a variety of vocational training programs should be offered as a transitional move. All localities should work harder to set minimum wage standards and insurance premium standards based on the local price and wage levels. At the same time, we must work out a series of

standardized rules and procedures in the inventory of assets to prevent more state properties from being lost.

### 3. The key to strengthening agriculture as the foundation is to increase investment in grain and cotton cultivation.

Given China's ample labor supply and scarcity of arable land, economies of scale will remain elusive in Chinese agriculture for some time to come. Accordingly, the key to consolidating agriculture's stature as the foundation is to increase agricultural investment and stick with the state policy of subsidizing grain and cotton cultivation. Also, we must boost peasant income by encouraging grain and cotton growers to engage in part-time activities and help them do so. Organize large-scale futures markets for agricultural byproducts in accordance with a plan after grain prices are deregulated to give peasants accurate grain price signals and stable expectations. The central government adopted strict cotton management rules in 1994. Although the execution of the national cotton procurement plan has not been satisfactory, it did save state cotton spinning mills from large-scale work stoppages. Nevertheless, this outcome was achieved temporarily at the expense of the interests of cotton-growing areas and may well dampen the enthusiasm of the localities to maintain cotton acreage at a certain level in 1995. It is proposed that we consider adjusting some cotton prices and modifying the cotton circulation policy before the 1995 cotton sowing season gets under way and work out measures to compensate some cotton-growing localities.

### 4. Reform the urban and rural management systems and expedite urbanization.

The reform of urban and rural management systems should enter the actual operational stage as soon as possible. Lift permanent residency registration controls in small towns gradually. Accelerate the movement of the agricultural population into non-agricultural sectors below the county level. Not only will this ease the pressure of the migrant population on large cities, but progress on the urbanization front will inject new life into the adjustment of the industrial structure and social economic development. Large and mid-sized cities also should develop rules and regulations to bring the floating population in search of jobs within the reach of urban management and put an end to the chaos that presently characterizes the array of fees payable by peasants hoping to enter and settle down in cities.

### 5. Continue to adhere to the family planning policy of strict population control unwaveringly.

Family planning work has been remarkably successful in recent years, but that is no cause for unrealistic optimism. China will continue to be saddled with a huge



population. Population aging is a problem; however, it is not advisable to increase the percentage of families allowed to have a second child. In some rural areas, having a second, third, fourth, even fifth child in violation of the law is still not an isolated phenomenon. In some provinces, the childbirth under-reporting rate is still 20 to 30 percent. Relax birth control just a tad and there will be another surge in population growth. We must continue to use material incentives to encourage family planning, low fertility, having few but good children, delayed marriage, and delayed childbirth. We should also take special pains to step up the regulation of the reproductive behavior of the floating population.

6. Crack down even harder on criminal activities and redouble our effort to rectify social order.

Step up the drive to sort out the major cases and significant cases uncovered in the anticorruption campaign. By making known to the public the results of the investigation of major and significant cases, we can demonstrate to the people our determination to fight corruption to the very end; and persuade criminals to turn themselves in promptly and not harbor false hopes about taking advantage of loopholes in the law. In punishing assorted economic criminals in accordance with the law, we must make sure they do not benefit economically in any way from their crime in order to make an example of them and deter others from following suit. Further improve the legal system, paying special attention to the problem of people failing to obey the law that is already on the books. In the 16 years since reform got under way and the open policy was introduced, the National People's Congress has passed over 250 laws and decisions relating to legal issues, the State Council has prepared more than 700 sets of administrative rules and regulations, and local people's congresses have adopted 3,000 local rules and regulations. Currently almost 40 percent of the local rules and regulations in effect are economic. In the past two years the pace of legislation has picked up notably. However, it is still commonplace for laws to be ignored or enforced half-heartedly and for violators to go unpunished. The masses have been highly critical of this situation. In general, the public's legal knowledge and legal awareness are still underdeveloped.

7. Go all out to develop scientific and technological [S&T] education. Further increase investment in S&T education. Make S&T education the foundation of the nation.

In its 1994 "World Science Report," UNESCO points out that the share of its GNP that a nation spends on S&T research is closely related to its level of economic development. The economic development gap among nations in the years ahead will primarily be a

"knowledge gap." Without the dissemination of scientific knowledge, there can be no sustained economic growth. However, scientific research and education is one industry where payoffs do not materialize for a long time and choices cannot be made based on market considerations alone. It is up to the state to make investment decisions after thinking long-term and considering the big picture. In 1995, we must lessen the economic burden on elementary and secondary school students and grapple with an overly heavy curriculum. Even as we give more decision-making authority to institutions of higher education, we must prevent them from trying to outdo one another by lowering scores to attract well-off students. We must waste no time in developing an effective approach to enable children from low-income families to receive higher education. We must further stabilize the size of the corps of scientific research and education workers. We must prevent scientific research and education departments from making mistakes in matters relating to secondary jobs and earning an income. Conduct social ethics education extensively throughout society, particularly among young people.

#### **\*Strict Limits Set on Fixed Assets for 1995**

95CE0503A Beijing ZHONGGUO GAIGE [CHINA REFORM] in Chinese 13 May 95 No 5, pp 19-20, 38

[Article by Hu Shaowei (5170 1421 4850): "Fixed Assets Investment Projected To Remain High in 1995"]

[FBIS Translated Text] The CPC Central Committee has decided to strictly limit the size of fixed assets investment and optimize the investment mix in 1995. It set the total size of such investment in all society at 1,700 billion yuan, a mere 6.7 percent increase from 1994. What then do we make of the increase in investment demand? How is investment demand shaping up in 1995? This article proposes to make a brief analysis.

#### **I. Problems In Fixed Assets Investment In 1994**

Too many projects are still under construction. There were 76,492 projects under construction that were each worth more than 50,000 yuan. This number included capital construction projects and modernization and transformation projects, 1,768 fewer than in 1993. On the other hand, the planned total investment in capital construction projects and transformation projects under construction at the end of the year was 3,057.4 billion yuan, an increase of 31.4 percent. The total investment in projects under construction in all society is estimated to top 4,000 billion yuan. There were still too many projects under construction, exerting some pressure on the drive to hold down the size of investment in 1995.



Serious cost overrun problems exist in projects under construction. Nationwide, 49.1 percent of all projects under construction which had a price tag over 5 million yuan each experienced cost overruns, specifically 55.2 percent in the case of capital construction projects; 45.1 percent are transformation projects, and 32.2 percent, real estate development projects. Since some projects failed to take into sufficient consideration the future cost overrun factor, the true extent of cost overrun may have been even larger.

A marked bias favors extensive investment. Investment by state units in modernization and transformation projects increased 29.6 percent, down 5.7 percentage points from that in capital construction. Within investment for modernization and transformation projects, the share of investment in rebuilding projects slipped 2.4 percentage points while investment in projects designed to boost output rose 36.4 percent, with its share rising to 35.5 percent. Meanwhile, investment in projects aimed at increasing product varieties and improving product quality rose moderately at 20.7 percent and 16 percent, respectively, their shares dropping 1 percent and 0.7 percent, respectively, compared with the preceding year.

Investments in agriculture and the transportation industry are falling proportionately. The share of investment in agriculture by state units was a mere 1.9 percent, down 0.3 percentage points from the preceding year. The share of investment in the transportation industry also fell from 16.2 percent in 1993 to 15.4 percent a year ago.

Local investment outpaces central investment. The share of local investment continued to rise, reaching 62.9 percent in 1994, up 0.6 percentage point from that in 1993.

Construction projects fell badly behind in payment and it took longer to complete a project. Capital construction and technological transformation projects nationwide fell behind in payment to the tune of 52.4 billion yuan all told, up 80.7 percent from a year ago. According to a 1994 survey on 5 million yuan-plus investment projects, the construction period of capital construction projects averaged 37 months and the projected construction period was 42 months, the latter exceeding the former by five months.

Investment continues to favor the eastern coastal region. Investment completed in the 12 provinces and municipalities in the east rose 41.8 percent compared with last year, versus 29 percent in western and central China. Inner Mongolia was the laggard, where investment by state units rose less than 10 percent in 1994.

## II. Basic Analysis of Factors That Encourage Investment Growth in 1995

An analysis of the investment situation in 1995 shows that the following factors will fuel fast investment growth:

The over-expansion of investment in 1994 is bound to have a stimulatory effect on investment this year. The central economic work conference demanded that the size of investment be strictly limited this year in order to bring inflation under control. On the other hand, some projects are already underway. Others are justifiable projects for which funding must be provided. Yet others are hard to stop even though they are not justifiable. To boost investment returns, the over-expansion of investment in 1994 will objectively continue to fuel fixed assets investment growth in 1995.

Because of economic growth considerations, investment demand will continue to rise strongly in 1995. Foreign trade is expected to grow substantially in 1995, but net exports demand will not increase appreciably as a share of GDP. Instead, it is consumption demand and investment demand that will remain the dominant components of demand. According to projections and analysis by the departments concerned, total social retail sales will rise 8 or 9 percent in real terms in 1995 after adjusting for inflation. Given this year's projected 8-9 percent increase in the GDP, it is clear that investment demand must keep expanding at a brisk pace.

Local investment desire remains strong. Local officials would like to increase inputs and launch more projects in order to boost output value. In real life this is the most common method to generate more revenue for the government.

State enterprise reform requires that inputs be increased. State enterprise reform is bound to speed up assets depreciation and demands that inputs be increased so as to carry out transformation. Moreover, an effective way to nurture internationally competitive enterprise groups and develop China's mainstay industries is to transform some of the existing large and mid-sized state enterprises. Toward that end, we must work harder to tackle the mechanisms and raise the standard of management, but it is equally essential that we increase investment in those enterprises.

Foreign investment will drive up domestic investment. China today enjoys a strong development momentum, its economic climate is getting better all the time. There is policy consistency, society is stable, and laws and regulations are improving all the time. China therefore is expected to remain one of the top destinations for foreign investments in the world in 1995. Foreign capital

utilization requires a certain degree of domestic fund matching. This is yet another factor that will drive up fixed assets investment in 1995.

There is an acute demand for agricultural investment. The central government has decided to boost agricultural investment in 1995 and take practical steps to fire the peasants' enthusiasm for production. To pull this off, the government needs to increase investment in agriculture significantly.

At the same time, the following factors will restrain the growth of investment demand:

The central bank raised interest rates on fixed assets loans in early 1995. From the input demand perspective of the market economy, this will dampen investment demand up to a point. The State Planning Commission has proposed that in principle no large or mid-sized projects and no feasibility study reports be approved before the formal adoption of the Ninth Five-Year Plan and that the scale of real estate development be strictly curtailed. These steps and measures will restrain the overly rapid growth of investment at an administrative level.

"The People's Bank of China Law" has been passed by the just completed People's Congress. According to informed sources, three other major pieces of financial legislation, namely the "Commercial Bank Law," "Notes Law," and "Insurance Law," are also expected to complete the legislative process laid down by the National People's Congress and promulgated for implementation in early 1995. With laws and regulations standardizing bank behavior, personal feelings would have no place in banking and arbitrary inter-bank borrowing would also come to an end by and large. Such a development will help hold down the size of investment in 1995 by cutting back on the sources of investment funds.

To curb the rate of price increases, the government will continue to rein in the money supply and the amount of credit by adopting a suitably austere living-within-one's-means fiscal policy. Because of import control and regulation, moreover, ill-considered imports will decrease and the investment goods price index will rebound, which will affect the investment behavior of principal investors to a degree.

To sum up the above analysis, based on our preliminary projections, fixed assets investment growth will remain robust through 1995. Our preliminary estimate is that fixed assets investment in all society will total 1,950 billion yuan or so, an increase of 22.4 percent, down 5 percentage points from the 27.8 percent growth recorded in 1994, adequately supporting a 10 percent growth in the national economy. In fact, national economic growth

in 1995 will continue to be investment-driven, with the fixed assets investment rate staying at a high level, about 38.8 percent or so, essentially unchanged from the 38.4 percent of 1994.

Looking at investment by ownership system, state units (including joint ventures with foreign companies and shareholding investment as well as state units) will continue to invest at a fast pace. Investment by state units is tentatively estimated to grow 22.5 percent to reach 1,391 billion yuan. As far as investment by state units is concerned, capital construction investment will continue to grow fairly rapidly, rising probably 23.9 percent, with 779 billion yuan worth of completed investment. Investment in modernization and transformation projects is expected to grow 20 percent or so, with 340.8 billion yuan worth of completed investment. Thus capital construction investment will continue to outpace transformation investment. Real estate investment is the principal target of macroeconomic regulation and control by the government in 1995. Instances of the illegal taking of farmland and the thoughtless construction of upscale hotels and villas are expected to decrease. In contrast, the building of commercial housing, particularly moderately profitable commercial housing, will continue its upswing. Real estate investment is expected to slow down significantly compared with the preceding year even as it hangs onto its leading position.

Investment by collective units is closely related to the fortunes of the consumer market. In the first half of 1994 the consumer market was mired in recession and social commodity retail sales increased a mere 6.1 percent in real terms, sharply lower than the growth rates recorded in the same period in years past. Although investment by collective units experienced negative growth in the first half of 1994, it picked up steam in the second half when the consumer market rebounded, yielding a growth rate of 23.6 percent for all 1994. Since the beginning of 1995, the consumer market has become increasingly active. Preliminary estimates are that collective units will complete 340.5 billion yuan worth of investment in 1995, a gain of 23.5 percent, slightly ahead of fixed assets investment in all society.

Individual investment in both urban and rural areas has two main purposes, to build houses and to purchase production related capital goods. The tilt in the distribution of national income in favor of the citizen will remain largely unchanged in 1995, so income growth among both urban and rural households will remain quite strong. Steady income growth lays a material foundation for increased investment by urban and rural households. Preliminary projections are that urban and rural households will complete 218.5 billion yuan worth of investment in 1995, a gain of 20.5 percent



or so, marginally slower than fixed assets investment growth in all society.

It can be seen from the above analysis that fixed assets investment demand will come under considerable pressure in 1995, so reaching the targets in the plan will be an uphill battle. But when we consider the inflationary pressure of investment demand, we must intensify macroeconomic regulation and control. Of course, what we really need in the long haul is to expedite investment reform and put together an investment mechanism that is truly market-oriented, practices self-discipline, and features a balanced mix.

**\*Symposium Discusses Inflation Outlook**

95CE0517A *Beijing JINGJIXUE DONGTAI*  
[ECONOMIC DYNAMICS] in Chinese 18 May 95  
No 5, pp 32-34

[Article by Yuan Gangming (5913 6921 2494) of the CASS's Economics Institute: "Summary on Symposium To Discuss China's Inflation Outlook and Countermeasures"]

[FBIS Translated Text] On 4 March 1995, Beijing's Kaida Economists Consultation Center, the Economics Institute Macroeconomic Research Department of the China Academy of Social Science [CASS] and Beiyang (Tianjin) Steel Materials Wholesale Exchange jointly sponsored a symposium on "China's Inflation Outlook and Countermeasures" to discuss the characteristics, trend, causes, and cure of inflation in China today.

**I. On the Characteristics and Outlook of Today's Inflation**

According to Liu Yingqiu [0491 6601 7264], today's inflation is structural inflation led by soaring prices of consumer goods. Throughout 1994, the monthly price index of consumer goods rose more than 21 percent, reaching a peak of 27.7 percent in October and averaging as high as 24.1 percent for the year. The prices of agricultural and sideline products soared; the prices of rice and wheat flour and other grains rose 64 percent, while vegetable prices rose 40 to 60 percent, and meat prices skyrocketed 60 to 100 percent. In 1995, there has been no apparent drop in the consumer price index, but the prices of producer goods which rose sharply in 1993 have continued to decline. In 1994, the monthly price index of producer goods dropped to 3.8 from a high of 15.8, showing only a small increase for the year as a whole. The prices of industrial consumer goods, especially electrical household appliances, showed a gradual decline, and the prices of color television sets, refrigerators, washing machines, rice cookers and other appliances have fallen

1 to 30.4 percent since July 1994 compared to a year earlier. This round of inflation is not inflation in its traditional sense where the prices of all goods sustain continuous increases; instead, it is a kind of structural inflation where the prices of consumer goods soar while the prices of producer goods continue to fall.

Chen Guixin [7115 6311 2450] provided some information on the supply and demand and the prices of various important goods and materials. The supply of most key factors of production exceeded demand in 1994; goods stockpiled. The prices of five of the seven major categories of goods and materials fell: ferrous metals by 13.5 percent, construction materials by 10.6 percent, and small cars by 5.3 percent; but the prices of grain, oil, meat, and other agricultural and sideline products rose 35 percent, and it is estimated that they accounted for 12 percentage points of the overall rise in the price level. For 1995, it is estimated that the supply of most goods will equal or exceed the demand; only 14.4 percent of the goods will be in short supply. There will be oversupply of some goods and excess demand for others; there will be excess money supply in some areas and shortages in others; there will be price increases alongside declines.

Yang Peixin [2799 1014 2450] believed that we should not simply interpret all price increases as inflation. The theory of balancing fixed assets, financial revenues and expenditures, and bank credit loans, which has been a popular theory since the founding of the PRC, applies to all-out inflation in the economy and is no longer valid. In 1994, the actual investment scope increased 16 percent after taking the price factor into account; personal cash expenditures also increased 16 percent after taking the price factor into account. As for wage income, after discounting the wage increases in foreign-funded enterprises (110 percent), increases for workers in state-run enterprises were nominal, and contrary to what banks and other departments said, there was no sharp investment and consumption increases. In 1994, cash on hand increased 24.3 percent, an 11 percent drop compared to the previous year, while  $M_1$  and  $M_2$  increased 12.4 and 10.4 percent respectively. The decrease in cash and increase in time deposits indicated a decline in the amount of cash on hand for purchases. The main reason for the price increases in 1994 was the introduction of price, tax, and foreign exchange and other reform measures. The magnitude of grain price increase and the extent of increase in the prices of agricultural and sideline products caused by grain price reform were much greater than first anticipated: in some localities, grain prices rose 100 percent. The price of meat increased mainly because of higher cost of grain and should not be attributed simply



to a general price increase. The installation of value-added tax raised prices by approximately 5 percent, and foreign exchange reform accounted for another 2 percent. Therefore, 1994's price increase was basically due to the government's introduction of several reform measures.

According to Wang Jian [3769 1696], the national economy was basically in equilibrium in 1994; total supply slightly exceeded total demand and there were surpluses in what had once been in short supply; and for the first time, there were more sellers than buyers in the foreign exchange swapping market. Under these circumstances, the price increases were caused mainly by the drastic adjustments in agricultural and sideline product prices. The fact that consumer product prices rose while producer goods prices fell made this round of inflation different from that in 1985 when both consumer and producer goods prices soared. Barring the introduction of new price adjustment measures, the rise in consumer goods prices will soon level off.

## II. On the Causes of Today's Inflation

In Yu Guangyuan's [0060 0342 6678] opinion, today's inflation is not only triggered by the overheated economy and excess money supply but also by the many unique mechanisms in the economy, such as price reform, financial reform, and the bringing-in of foreign capital as China restructures its economic system. Therefore, foreign theories that attribute inflation simply to excess money supply are not applicable to China's inflation today. The money supply was not in excess in 1994, and enterprises actually faced a shortage of production funds. We should seriously study the question of whether China's burgeoning futures market and stock market are playing a positive or a negative role in the economy.

A Siqi [7093 1835 1142] suggested that monetary factors played a weak role in today's inflation. In fact, a very tight monetary policy was implemented in 1994; the increases in  $M_0$ ,  $M_1$ , and  $M_2$  were below the rate of increase in GNP at current prices:  $M_1$  increased 34 percent while  $M_2$  increased 34.4 percent; both were 5 percent below the 39 percent increase in the GNP at current prices, and the 24.3 percent increase in  $M_0$  was even lower. Enterprise deposits seemed to have increased significantly, but in fact enterprise funds were tight, and funds in the interior localities were scarce. The previous rounds of inflation since reform began were related to excess money input. Prior to 1992, excess money input caused producer goods prices to soar in 1993, and higher costs to enterprises created the cost-pushed kind of price increase. Due to market constraints, enterprises could not shift all of their higher costs and

had to absorb some of that. They absorbed some of that cost in 1993 but could not continue to absorb them in 1994. The pre-1992 excess money supply contributed to 9 percent in the price increase in 1994. There was no significant increase in the money supply in 1994, and that actually curbed further price increases rather than raised prices. The main reason for higher prices in 1994 was the adjustment of agricultural and sideline product prices and energy prices and the restructuring of the tax, foreign exchange, and wage systems; and people also took the opportunity to raise the prices of other goods at the same time. The overlapping effects caused prices to skyrocket. Prices rose more sharply as a result of reform this time than in 1988, but there was no panic buying, and any unreasonable price increase was readjusted subsequently.

Zhang Xinze [1728 2450 3419] said that looking at the price indices of various commodities between 1972 and 1993, it was clear that price increases generally started with industrial capital goods, followed by agricultural capital goods, and eventually agricultural and sideline products, in that order. In the long-run, higher agricultural and sideline product prices were caused by higher prices of agricultural capital goods and higher agricultural labor costs. China's economy is constantly plagued by improper macroeconomic policies and structural dislocation. Enterprises are overly dependent on banks, which often results in excess money supply, and localities' eagerness to develop often results in structural dislocation. There are unhealthy cycles of inflation in the workings of the economy: Excess investment scope leads to tightening of bank loans, and enterprises facing tight money clamor for injection of circulating funds; stockpiling of products and default on loans call for further injection of circulating funds, and the easing of bank loans leads to another round of inflation.

Wang Yijun [3769 1355 0689] stated that the state's adjustment of transportation and energy prices and prices of other basic products between 1990 and 1993 changed the total price tag by 200 billion yuan. In 1994, price adjustments in grain, power, and fuel exceeded 60 billion yuan and contributed 4 percent in the overall price increase. Prices were in disorder, and the imperfect market mechanisms resulted in reckless price increases; but even worse was that local governments, in an effort to ease their own financial burdens, also raised the prices of gas, water, public transportation, and other public services.

## III. Some Policy Suggestions

Wang Zhitai [3769 0037 3141] said that the actual increase in the money supply in 1994 was in line with the increase in society's total sales of consumer goods

for the year; market sales and purchases were brisk, and funds were in short supply rather than in excess supply everywhere. There was no RMB depreciation nor all-out price increases, nor was there signs of panic-buying. Primarily, the lack of development in agricultural production caused the prices of agricultural and sideline products to rise, and therefore we should not take the current price increases too seriously. For this reason, we should not tighten the economy comprehensively, the way we would deal with vicious inflation; and we should also keep "proper tightening" from turning into over-tightening; otherwise, it could lead to huge surpluses of some capital goods, and even more economic sectors might land in dire straits. While we pay close attention to the dynamics of inflation, we must maintain steady economic development, strengthen agriculture, and increase effective input.

In A Siqui's opinion, today's price increases have actually smoothed out the price relations, and we should be patient about this kind of price increase; we should not go back to the old method of controlling prices. Smoothing out the price relations can help radically solve the structural problems caused by inflation. In the next few years, we should keep the price indices steady at below double-digits. We must not rush to tighten the economy as soon as prices rise. Necessary economic development and the reproduction cycle should be considered when determining 1995's money supply. To deal with inflation by halting development will lead to even worse situations; it could lead to unemployment and more defaults on loans, and we could lose developmental opportunities.

According to Yang Peixin, we are already seeing signs of economic recession due to the over-tightening of loans; capital goods are stockpiling, and industrial consumer goods are not selling. A recent survey taken in the northeast showed stockpiling and slow sales of coal, petroleum, steel materials, machinery, and other goods and materials; enterprises were running into difficulties and many workers were given time off, receiving minimum living expenses. China's economy is at a stage where accelerated development is necessary. Slow sales of steel materials and equipment and cut-backs on production are abnormal signs, and any further tightening of the money supply may be a big mistake. We should abandon the method of controlling the annual investment scope; instead, we should learn from the United States and make plans according to projects and not set an annual time limit on the investment scope, so that we can follow a steady, long-term approach. We must keep the price index below double-digits; we cannot pay the price of curbing inflation with enterprise bankruptcy and worker unemployment.

Yang Fan [2799 1581] said that a handful of interest groups reaping exorbitant profits by raising prices and speculating in the financial markets was the main cause of high inflation, and if not properly controlled, there would be runaway inflation in the next year or two. He suggested using the law as the primary tool and supplementing it with administrative measures to set up an antimonopoly mechanism. He also suggested accelerating reform of state-run enterprises to prevent them from being gobbled-up; and meanwhile, the exchange rates should be stabilized and the influx of foreign exchange for speculative purposes should be controlled.

### Finance & Banking

#### \*S&T Growth Related to R&D Investment

95CE0434A Beijing JINRONG SHIBAO in Chinese  
19 May 95 p 3

[Article by staff reporter Wang Xiaoping (3769 1420 1627): "Call of the Times"]

[FBIS Translated Text]Editor's Note: The dialectical relationship between finance and science and technology (S&T) is mutual energy resources and mutual start-up power. In the contemporary world, where S&T and economic forces are the foundation of overall national strength, competition is becoming more and more fierce, and S&T—this "number one productive force" in promoting the advancement of society—gets a quick wake-up call. If S&T flourish, the nation flourishes, and the flourishing of S&T depends on the flourishing of finance. For 10 years the integration of finance and S&T has provided good prospects. Loans for S&T are one of the three major sources of funds for S&T investment, and, in the aspects of swiftly transforming S&T results and of developing new high-tech industries, they play an important role. S&T progress also causes the movement of bank funds to form a benign cycle of high returns.

Looking back on 10 years of talking about S&T, at a time when the National Conference on Science and Technology is being held, we offer to readers a serial report entitled "S&T Geared to Economy, Economy Depends on S&T, and Finance Supports S&T," so that all quarters of society will gain a better understanding of loans for S&T, S&T's rise and advance, and S&T's development in China. I believe that finance and S&T struggle forward jointly as well as hand in hand, and that they are bound to move toward a brilliant, splendid tomorrow for China's S&T cause.

The competition among all countries of the contemporary world, although mainly manifested in competition



in overall national strength, in essence is competition at the S&T level. With increased investment stimulating the rapid development of S&T, the commanding point in future S&T and economic competition will be controlled—this has become an undoubted fact.

What is China S&T level? The level seems inadequate if we use its very weak overall strength to describe it. Let us first look at the following set of figures. At the Requirements and Financial Affairs Office of the State Science and Technology Commission, Deputy Director Ma Xiguan [7456 6932 0385] maintained that the proportion of the cost of research and development (R&D) compared to GDP or R&D/GDP is an important index for internationally judging the scale of a country's S&T investment and its actual S&T strength. Generally speaking, for a developed country it is a little more than 2 percent, i.e., S&T investment is 200 million for every 10 billion in GDP; for a medium-grade country it is 1-2 percent; for a developing country it is 0.5-1 percent; and for an undeveloped country it is less than 0.5 percent.

By comparison, what is the situation in China? In 1991 China R&D/GDP was 0.71 percent, in 1992 0.71 percent, in 1993 0.62 percent, and in 1994 0.5 percent. Not only are these proportions low, they show a continual downward trend, lagging far behind America (2.6 percent), Germany (2.6 percent), Japan (2.8 percent), and other developed countries, and even inferior to the Republic of Korea (1.9 percent), and India (1 percent). China R&D/GDP thus occupies a middle position among the developing countries.

Perhaps people are somewhat unfamiliar with this index which is in common use internationally. In fact, in absolute terms China's investment in S&T has always increased year by year. The problem is that the increases have been small. Then at what level should China S&T investment growth rate be maintained?

A relevant department said that China S&T investment is the sum total of the outlays for three types of S&T activity: R&D, transformation of S&T results, and S&T services. In May 1990, at a symposium of scientists, Comrade Jiang Zemin pointed out that the growth of China's S&T investment must be higher than the growth of its GDP, and to this end the investment specifications must be unified. Comrade Li Peng also indicated that S&T investment certainly must be increased year by year and that a policy to this effect should be made. Therefore, under the direction of Song Jian [1345 0256], counselor of the State Council and minister in charge of the State Science and Technology Commission, experts of China's relevant departments for the first time clearly defined China's S&T investment, and it is to be published every year by the State Statistical Bureau.

In line with this definition there are three parts in China's S&T investment:

First, there is the outlay for R&D activity, which comprises the total expenditure for R&D activity in the natural sciences and technology domain and in the social sciences and humanities domain. This is in line with the UNESCO definition and can be compared internationally. In recent years there has been a definite growth in China R&D outlay: in 1992 it was 16.9 billion yuan, an increase of 2.67 billion yuan over that of the year before; in 1993 it was 19.6 billion yuan; and in 1994 it was 22 billion yuan. However, because China has a very fast rate of economic growth, its R&D growth obviously cannot keep up—this is the reason that China's R&D/GDP shows a downward trend.

Second, there is the outlay for transformation of S&T results—this represents investment for China's integration of its S&T and its economy, and is a characteristic index of China's S&T investment.

Starting in 1986, with the goal of promoting the close integration of S&T and the economy, China reformed its scientific research system. An important link in the reform was the apportionments system, and its purpose was to apply economic levers to release and invigorate scientific research in S&T development, S&T services, and the main part of public welfare, and push them toward the market so that the S&T results of the scientific research system would directly serve economic construction and would solve the problem of "S&T and the economy being two layers of skin." The loans for S&T produced by this and the resultant increase in new channels for S&T investment vigorously promoted the implementation of this reform; and, as "energy sources" and "start-up power" for S&T results transformation, they infused vitality for S&T development into scientific research academies and institutes. Faced with the main battlefield of economic conditions, China formulated the Spark Plan, the Torch Plan, and the plan for key transformation of S&T results, all of which built up and developed this part of the investment.

Third is the outlay for S&T services, which means the outlay for meteorological, hydrological, standards, prospecting, as well as R&D and S&T results transformation services.

China S&T investment may also be evaluated by four general indices: total S&T outlay, R&D outlay, financial S&T outlay allocation, and S&T loans.

China S&T investment is all-society, multichannel, multilevel, and multiform. The sources of S&T investment are state financial allocation, enterprise investment, bank



S&T loans, self-raised funds, and other sources. According to an analysis in the "Science and Technology Yellow Book, No 2," issued by the State Science and Technology Commission, about two-thirds of China R&D investment comes from the government and one-third comes from enterprises and other sources. In Japan 20 percent comes from the government and 80 percent from enterprises; in America 50 percent comes from government and 50 percent from enterprises.

From the above analysis of several aspects, we see that the following are the main causes for China's fairly low overall level of S&T investment are:

The yearly growth of S&T allocation by public finance does not keep up with the rise in prices and the growth in financial revenue, and as a result the proportion of S&T allocations in financial expenditure shows a yearly downward trend. Since 1985 this proportion went from 5.56 percent in that year to 3.98 percent in 1993.

Enterprise investment in S&T is too low and there is a lack of strong encouraging and driving mechanisms. In China total S&T investment, enterprise investment only accounts for 23 percent, but America and Japan enterprise investment are as high as more than 50 percent. This is one of the important causes of China fairly low S&T investment level.

Although bank S&T loans are growing quite rapidly, their overall scale is still small. From the beginning of S&T loans totaling 20 million yuan in 1984 to this year's planned 7 billion yuan, the amount has really increased several hundred times. However, its proportion in the total range of credit is only 1.23 percent.

From a look at the present situation in China, we see that the policies and mechanisms for S&T investment still cannot meet the demands of the market economy. The ability to use market mechanisms to draw in various types of funds (including nongovernmental and overseas funds) is still quite weak.

The goal of China's S&T investment is for the R&D/GDP to reach 1.5 percent by the year 2000.

It is understood that by the end of this century there will be a big rise in the R&D/GDP of many countries. America will reach 3 percent, the Republic of Korea 3.5 percent, and India 2 percent.

The problem of China S&T investment that urgently awaits solution is the downward trend of R&D outlay for key topics that would blaze new trails. In S&T activities, the popularization and application of R&D results and S&T services—these three things—are both mutually related while having their own characteristics,

and are the component parts of the "number one productive force." But the core of these three things is R&D. Without R&D the results that are popularized would be like water without a source, there could be even less talk about S&T services. Internationally, R&D (not S&T investment) and GDP are compared, and the reason that they are lies herein.

What gladdens people is that in the "Law for Advancement of Science and Technology," which was passed by the National People's Congress (NPC), there is a part that puts in writing the gradual increase of the R&D proportion in the GDP. The relevant department of the State Council is actively taking measures to strive by the year 2000 to bring China R&D/GDP to a level not lower than 1.5 percent.

Our scientists have almost shouted: We certainly must strive in five years' time to attain the goal of a 1.5 percent R&D/GDP; otherwise, China's overall strength and its international position in the future will be adversely affected.

How can the goal of greatly increasing S&T investment be achieved? Ma Xiguan maintained that there are two keys to achieving this goal: first, we must improve our understanding of the importance and necessity of increasing S&T investment; second, we must set up an all-society, pluralistic, multilevel S&T investment system. Specifically, while paying attention to increasing financial investment, we must strengthen enterprise investment, expand the scale of loans, and create an environment for policies. He stressed that insufficient funds are a perpetual problem, and therefore using limited funds where they are most needed and really strengthening funds management are also perpetual.

S&T is the number one productive force, and this should not be just a slogan. With its rich connotation, it reveals the essential motive force behind the advance of the times and the fountainhead of social development. It should become part of the consciousness of every policy maker, become part of the management actions of every organization, and become part of the production mode of every enterprise. If this truly become the case, it will play a boundless role.

We have world-class S&T personnel, have a huge S&T contingent, and have S&T programs up to international standards. However, "the cleverest housewife can't cook a meal without rice." Under the market mechanisms, in this era of modernization in which special attention is paid to investment and output, S&T investment is the call of the times a demand for the nation's vigorous development.

**\*PBC Vice Governor on Negotiable Instruments Law**

95CE0434B Beijing JINRONG SHIBAO in Chinese  
14 May 95 p 1

[Interview with Gu Jieyan (5140 9904 3408), vice governor of the People's Bank of China, by staff reporter Wang Jizhou (3769 3444 3166): "Make Negotiable Instruments Standard, Ensure Legitimate Rights and Interests, Safeguard Economic Order, Promote Rational Competition"]

[FBIS Translated Text] On the 10th of this month, the 13th Session of the Standing Committee of the Eighth National People's Congress (NPC) passed the "People's Republic of China Law of Negotiable Instruments" (below shortened to "Law of Negotiable Instruments"). The law will formally take effect on 1 January 1996. Gu Jieyan [5140 0094 3508], vice governor of the People's Bank of China (PBC) answered questions put by this newspaper's reporter concerning the "Law of Negotiable Instruments."

[JINRONG SHIBAO] What is the meaning of "negotiable instruments" in the "Law of Negotiable Instruments" considered and passed by the NPC Standing Committee? What is its relationship to our present day economic life?

[Gu Jieyan] There are many kinds of negotiable instruments, among them money orders, cashier checks, and checks. They have payment and circulation functions as well as their own characteristics. The standard negotiable instruments in the "Law of Negotiable Instruments" exclusively refer to the above three kinds of negotiable instruments. Money orders, cashier checks, and checks are instruments of credit used to buy commodities and to clear off debts to creditors. Negotiable instrument activity involves innumerable households, enterprise units, and even individuals, for which in economic life negotiable instruments are becoming more and more indispensable. For example, in economically developed large cities, negotiable instruments are used to settle accounts in more than 90 percent of the cases. Also, following the deepening of the development and reform of the economy, the use and circulation of negotiable instruments will become more widespread. They are of extremely important significance in promoting the development of the socialist market economy.

[JINRONG SHIBAO] To my knowledge, the PBC long ago formulated a series of measures and rules on the management and use of negotiable instruments. Why is this special law needed?

[Gu Jieyan] As I already stated, the use of negotiable instruments, no matter whether in quantity or scope, has

undergone a very big development over the past several years. With regard to management in this aspect, we indeed formulated many measures. However, compared with other instruments of payment, negotiable instruments possess the characteristics of having a strong unitary nature, high requirements for standardization, and complex activity. The system for settling accounts and the management measures that we formulated in the past could not encompass all negotiable instrument actions and activities, and their binding and standardizing effects were greatly restricted.

Over the past several years, quite a few problems have been encountered in the use and circulation of negotiable instruments. Negotiable instrument activities, such as issuing, endorsing, honoring, and paying with negotiable instruments, are not standardized; negotiable instrument debtors do not keep their word, and state at will that checks are null and void and refuse to make payment on them; and negotiable instrument holders obtain negotiable instruments for base purposes, not giving them in payment for commodities and consequently causing a large number of disputes about negotiable instruments, and sometimes even using negotiable instruments to carry out illegal and criminal activities. This situation seriously damages the credit of negotiable instruments and disrupts the economic and financial orders. Therefore, it was highly necessary to formulate a special law that standardizes negotiable instrument activities and makes adjustments for the parties concerned.

This "Law of Negotiable Instruments" sums up China's many years of practice in handling negotiable instruments, fully reflects China's national condition, draws on the experience of foreign legislation, is in line with current international practice, and has been widely investigated and studied. Opinions on it were solicited from all quarters of society, and it is both practical and feasible.

[JINRONG SHIBAO] What specific effects will the promulgation and implementation of the "Law of Negotiable Instruments" have on the development of China's socialist market economy?

[Gu Jieyan] The "Law of Negotiable Instruments" is an important law that standardizes negotiable instrument activity and ensures the legitimate rights and interests of negotiable instrument parties. It will have extremely important effects on safeguarding the socioeconomic order and on promoting the development of the socialist market economy, the main ones being:

The "Law of Negotiable Instruments" standardizes the activities of negotiable instrument parties and defines their rights and obligations. It is advantageous for enhancing the consciousness of the legal system, estab-



lishing the concept of credit, timely clearing of credits and debits, and preventing or reducing new arrears.

Negotiable instruments are instruments of credit and payment. Implementation of the "Law of Negotiable Instruments" can promote the widespread use and circulation of negotiable instruments, and is advantageous for accelerating the turnover of funds and promoting the circulation of commodities; it also can reduce the use of cash and save circulation costs.

The "Law of Negotiable Instruments" strengthens the legal responsibilities of negotiable instrument parties; is advantageous for prodding enterprises to improve operations and management and for accelerating the establishment of a modern enterprise system; promotes the financial enterprises initiation of discounting and rediscounting; adjusts the credit structure; improves the quality of credit assets; and handles negotiable instrument activity according to law, forming a rational environment for competition and better effecting the transformation to commercial banks.

[JINRONG SHIBAO] After the "Law of Negotiable Instruments" appears, how will the activity of negotiable instrument parties be standardized? How will these parties exercise and protect their rights and what obligations and responsibilities will they have?

[Gu Jieyan] The first article in the "Law of Negotiable Instruments" clearly stipulates that the purpose of negotiable instrument legislation is to standardize negotiable instrument activity and to ensure the legitimate rights and interests of the negotiable instrument parties. In line with the purpose of this legislation, negotiable instrument activity and its effect, negotiable instrument rights and the conditions of their exercise and the procedures for their exercise, as well as negotiable instrument obligations and responsibilities, are all subjects of which the law makes specific provisions, and which provide a legal basis for the negotiable instrument parties to lawfully engage in negotiable instrument activity.

Whether negotiable instrument activity is standardized or not is the key to deciding the effect of this activity as well as to determining the negotiable instrument parties' rights and obligations. For negotiable instrument activity to be standardized the negotiable instrument parties must, in accordance with the provisions of the "Law of Negotiable Instruments," record in writing the relevant matters concerning this activity. When these matters are not written down, what is written down is incomplete, or the place where they are written down is inconvenient, then the negotiable instrument activity is illegal and the effect of this activity will be adversely affected, thereby causing disputes over this activity.

After negotiable instrument activity takes effect between the negotiable instrument parties, a relationship of rights and obligations is produced. The negotiable instrument holder is the one who has the rights, and he should indeed exercise and protect his rights. Negotiable instrument rights include the right to ask for payment and the right to demand payment. When exercising these rights the negotiable instrument holder must abide by the conditions and procedures stipulated by law before he can obtain the law's full protection. If the negotiable instrument holder does not press for honoring or payment within the stipulated time period, he loses his right to demand payment from the previous holder, thereby adversely affecting the protection of his rights.

The person who issues the negotiable instrument, the person who honors it, the person who endorses it, and all negotiable instrument debtors should, in accordance with the law, bear the negotiable instrument obligations. The "Law of Negotiable Instruments" stipulates that the person who honors a money order, the person who issues a cashier's check, and the person who issues a check are the main debtors and bear the obligation to unconditionally make payment; the person who issues a money order, as well as the persons endorsing or guaranteeing a money order, cashier check, and check are the secondary debtors, and when the negotiable instrument holder does not get someone to honor or pay they have the obligation to pay off the debt to the negotiable instrument holder. If a negotiable instrument debtor does not fulfill his obligations, he must bear his responsibility to the negotiable instrument holder; and, besides making the payment, bear the interest and the relevant cost incurred in the delayed payment to clear off the debt, and in some cases he must be administratively punished.

[JINRONG SHIBAO] Why does the implementation of the "Law of Negotiable Instruments" begin on 1 January next year?

[Gu Jieyan] First, the "Law of Negotiable Instruments" has a strong special and technical nature. It has more than a hundred provisions of a professional nature, and objectively a process is required to learn and understand negotiable instruments and to accurately understand and grasp the provisions of the law. In addition, the "Law of Negotiable Instruments" implementation requires the formulation of specific rules and regulations for this implementation, the revision of the banks' system of settling accounts, as well as other auxiliary measures. To this end, we need to make full preparations in order to ensure the successful implementation of the "Law of Negotiable Instruments."



**\*Editorial on Negotiable Instrument System**

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14 May 95 p 1

[Editorial: "Important Guarantee for Accelerating Building of China's Negotiable Instrument System—Warmly Congratulating Promulgation of 'People's Republic of China Law of Negotiable Instruments'"]

[FBIS Translated Text] This year is the bumper harvest year for building the banking legal system, and the "People's Republic of China Law of Negotiable Instruments," which was considered and passed by the 13th Session of the Eighth National People's Congress (NPC) Standing Committee, was another gratifying great achievement. The appearance of this important law indicates that, in the life of China's socialist market economy, the role of negotiable instruments is major and its involvement wider. From this step onto the track of legalization, it is bound to be able to basically accelerate the building of China's negotiable instrument system; and for every negotiable instrument activity, and even for wider economic behavior, it will set up a new stage on which development is clearly presented and on which development is healthy and orderly.

The market economy is a contractual economy. One of the basic criteria for its operation is the demand that, in all kinds of economic activity, now matter who must take seriously his own prestige, there is a correct exercise of rights and a conscientious fulfillment of obligations. The emergence and development of negotiable instruments precisely met this demand and was an inevitable result that emerged as the times required. Money orders, cashier's checks, and checks are popular instruments of credit and payment in modern economic life. They are bound to form a trend in the reform of China's payment and credit system. Compared with other modes of payment, they accelerate the turnover of funds and improve the use and beneficial results of society's funds, timely conduct commodity transactions and promote commodity circulation, and also reduce the use of cash and save circulation costs.

During the period of the planned economy, China mainly adopted administrative measures to manage the economy, all credit belonged to banks, and the use of negotiable instruments was severely restricted. In a large part of economic intercourse and in the great majority of cases, collection of invoices and other non-negotiable instrument forms were used for the payment of money. Accompanying the deepgoing changes and the demand for rapid development of the economy after the beginning of reform and opening up to the outside world, negotiable instruments year by year entered all domains of economic life. In commodity transactions,

the handling of creditor rights and debts, and other aspects, negotiable instruments were widely used and circulated, and the amount of payments rose day by day. According to a fairly conservative rough calculation, the proportion of cases in which negotiable instruments are used to settle accounts has now reached more than 60 percent. Every day in China more than 100 billion yuan in negotiable instruments are used to settle accounts, thereby greatly accelerating the turnover of society's funds and enlivening and bringing about a prosperous socialist market economy.

The normal operation of the market economy must be ensured by the legal system, and negotiable instruments are no exception to this dictum. If there were no suitable legal system, in the process of using and circulating negotiable instruments, the actions of many negotiable instrument parties would have no law to follow, their proper rights and interests could not be ensured, and the obligations that should be fulfilled would lack a binding force. For example, the actions of issuing, endorsing, honoring, guaranteeing, and paying would not be standardized; and negotiable instrument debtors would not heed their responsibilities and would repudiate debts and refuse to repay them; negotiable instrument creditors or banks would not, according to rules, accept negotiable instruments, thereby causing disputes over negotiable instruments; use would be made of rubber checks and money orders that had been signed and issued but for which there were funds guaranteed in order to try to get credit and funds; and negotiable instruments would even be used to carry out illegal and criminal activities. The appearance of these situations would, to different degrees, damage the proper rights and interests of the parties; adversely affect the reputation that negotiable instruments deserve; obstruct the popularization and circulation of negotiable instruments; and disrupt the economic and financial orders. Therefore, there is an urgent need to use the special law of negotiable instruments to adjust and standardize all negotiable instrument relationships and actions in order to ensure the healthy, orderly development of the economy.

The core of the "Law of Negotiable Instruments" is the protection of the legitimate rights and interests of the negotiable instrument parties. It stresses the protection of the rights of the good-intentioned negotiable instrument holder, stipulate the obligations of the debtor to unconditionally make payment on schedule, and restricts the debtor from making irrational rebuttals. It also specifically stipulates that a lawbreaker's economic, administrative, and criminal responsibilities should be investigated. Implementation of the "Law of Negotiable Instruments" will effectively retrain the negotiable instrument

actions of enterprise units and financial organizations, so that the all kinds of negotiable instrument actions are strictly done in accordance with the provisions of the "Law of Negotiable Instruments." In this way the concept of credit in all of society will be enhanced, and there will be a conscientious fulfillment of obligations, thereby creating conditions for the formation of the socialist market economy order.

The "Law of Negotiable Instruments" is the summation of many years of deliberations. It is based on China's national condition, and it draws on the experience of international rules and regulations. It is the result of the assiduous labor of a great number of workers in the financial, economic, and legal domains. It is a brilliant achievement in building the legal system. This law, which touches a wide area of society, has a strong special and technical nature. Before it formally takes effect on 1 January of next year, banks at all levels that manage and deal in negotiable instruments not only must themselves learn the law well, but also must be geared to their clients and to society, and expend greater energy on publicizing and implementing the law. We believe that, by thoroughly implementing the law, China's negotiable instrument and credit system will be further perfected, negotiable instrument activities will be more standardized, and negotiable instrument finance will play a greater role in deepening economic and financial reform and in promoting economic development.

**\*Bank of China To Control Nonbank Institution**

95CE0486B Hong Kong CHING-CHI TAO-PAO  
[ECONOMIC JOURNAL] in Chinese 5 Jun 95  
No 22, p 21

[Article: "Bank of China To Increase Control Over Nonbank Financial Institutions"]

[FBIS Translated Text] Information revealed in a financial research report to be published by the People's Bank of China indicates that the People's Bank of China this year will adopt measures to increase control over non-bank financial institutions.

There are currently numerous problems in the development of nonbank financial institution business, including banks engaging in trust investment, securities transactions, and insurance and real estate business; insurance companies granting credit and engaging in securities transactions; securities companies engaging in bank savings and loan business by such means as establishing stockholder fund accounts, buying back and reselling securities, and making overdrafts or loan agreements. The research report points out that mixed business does not comply with China's financial laws and regulations, is not suited to China's current stage, and can create long-

term use of short-term funds and increase the risk to financial assets. Even more serious, banks, trusts, securities, insurance and real estate overlap and get mixed together. Mixed businesses not only cannot protect savings and the interests of the insured and investors, and lowers the business risks of the finance industry, but it also can foster speculation on the securities market and confusion in the real estate market, further weakening the effectiveness of overall macroeconomic controls and exacerbating unfairness in finance industry business.

To increase controls over non-bank financial institutions, we should first improve the setting up of laws and regulations so that non-bank financial institutions can operate in accordance with the law. Currently the Financial Institution Control Regulations, the Provisional Regulations on Investing and Buying Stocks in Financial Institutions, the People's Republic of China People's Bank of China Law, and the Commercial Bank Law have either been passed or passed and promulgated. Several laws and regulations such as the Securities Company Control Regulations, Securities Investment Fund Control Procedures, Lottery Ticket Control Regulations, the Provisional Mortgage Control Procedures, the Trust Investment Company Control Regulations, and Leasing Finance Business Control Regulations and their detailed rules and regulations are being earnestly drafted, revised, and perfected so that as much as possible every type of institution and every type of business will have laws that they can rely on and regulations that they can follow to provide a legal basis for the operation and control of the finance business.

Secondly, we will continue to uphold the principle of dividing business from management and dividing business from control. Dividing business from management means that banks should not invest in industrial or commercial enterprises. With the exception of purchasing government bonds and financial bonds, they should not engage in other securities business and should not engage in trust business geared to enterprises and individuals. Securities companies should not grant credit in any form and should not lend and borrow short-term funds under such guises as buying back securities or speculating on the rise and fall of the market. Trust investment companies should persist in mainly engaging in the trust business and be strictly forbidden from covertly absorbing general savings and disproportionately making loans and investments in the name of trust deposits. Insurance companies should not directly engage in credit and securities transactions. The principle of thoroughly separating business and control should be implemented for non-bank financial institutions run by state commercial banks and they must be thoroughly detached from the banks.



At the same time, the People's Bank will increase its control of the risks of non-bank financial institution assets and its control of legal person qualifications. It will conscientiously implement regulations controlling the proportion of financial institution debt and procedures to control risks. It will resolutely correct the long-term use of short-term funds, disproportionate loans and indiscriminate investment, and safeguard the safe operation of financial institutions. It will standardize the control of the qualifications of financial institution principal debtors and establish files of actual business administration accomplishments of financial institution principal debtors.

In addition, we should develop and perfect the insurance market and we should continue in accordance with the principal of dividing the business into commercial insurance, social insurance, life insurance, and damage insurance and separating government from enterprises, to promote reform of the insurance business, establish life insurance branches and establish reinsurance companies, standardize insurance enterprise use of funds, raise the comprehensive insurance reserve rate, and strengthen insurance enterprises. We should develop national, regional, and specialized insurance companies, establish a sound insurance broker system and gradually develop insurance brokerages and form an adequate, orderly, competitive insurance market.

#### Caption

1. p. 21 (left bottom): Beijing Industrial and Commercial Bank Bao Guo Si Credit Company Workers Issue Urban and Rural Trade Center Stock Subscription Lists in an Intense But Orderly Manner.

#### \*Foreign Investments Encouraged at Symposium

95CE0512A Hong Kong CHING-CHI TAO-PAO  
[ECONOMIC REPORTER] in Chinese 12 Jun 95  
No 23, p 18

[Article by reporter Wang Yan-chen (3769 1750 3819):  
"A New Era in China's Utilization of Foreign Capital"]

[FBIS Translated Text] On 6 June, a symposium was held in Hong Kong to discuss China's policy for attracting foreign investments. Those who attended and spoke at the meeting included Gu Yongjiang [4474 3057 3068], China's Ministry of Foreign Trade and Economic Cooperation [MOFTEC] vice minister; Ma Xiuhong [7456 4423 4767], vice chairman of the Foreign Investment Department; He Ju [6378 3515], vice chairman of the State Planning Commission's Foreign Investment Department; and officials from the People's Bank of China, the State Administration of Taxation, State Administration of Foreign Exchange, China Securities Supervisory Commission, and the

Ministry of Labor. We hereby sum up their speeches on China's utilization of foreign investments and its policy direction.

#### Huge Success in the Utilization of Foreign Investments

In the decade since reform and opening up, the Chinese mainland's success in attracting foreign capital has caught the world's attention. In terms of investments by foreign businesses, up to the end of 1994, China has approved the setting up of a total of 221,777 foreign-funded enterprises, with agreed foreign investments worth \$303.32 billion and actual absorption of foreign capital worth \$95.567 billion. In particular, actual foreign investments in 1994 came to \$33.77 billion, second in scope only to that of the United States. It caught the world's attention. The huge influx of foreign investments played a pivotal role in sustaining China's rapid growth.

#### Characteristics of Foreign Investments

Foreign investments in the China mainland display the following characteristics:

1. Looking at the methods of cooperation, there are 140,799 Sino-foreign joint venture enterprises, accounting for 63.5 percent of all foreign-funded enterprises; there are 33,873 Sino-foreign cooperative enterprises, accounting for 15.28 percent; there are also 4,683 wholly foreign-owned enterprises, accounting for 21.12 percent [as published]. The majority are in the form of joint ventures.
2. As to asset allocation, industrial projects account for 74.1 percent; real estate and service industry account for 14.3 percent; agriculture, livestock, and fishery account for 2.5 percent; and infrastructure projects account for less than 10 percent. Among the industrial projects, the majority are in the processing industry.
3. As for regional distribution, most foreign-funded projects are concentrated along the coastal region in the east; few are in the central and western regions. Statistics show that up to the end of 1994, the central and western regions approved the setting up of 3,936 foreign-funded projects, with agreed foreign capital of \$33.644 billion and actual utilization of \$10.421 billion. These figures represent 17.75 percent, 11 percent, and 10.9 percent of the nation's total foreign-funded enterprises, agreed foreign investment, and actual utilization of foreign capital, respectively.
4. As to technological makeup and enterprise scope, the majority are medium-sized and small, labor-intensive enterprises; there are relatively few large, capital-and technology-intensive enterprises. Statistics show that in



1994, the average negotiated investment per project was \$1.714 million. In the last year or two, there has been a sharp increase in investments by transnational companies in China; most have focused on systematic investments in an entire trade or line of products; and they have also emphasized lateral investments in trades that complement those products. This has facilitated the adjustment and improvement of China's industrial structure; however, it is just the beginning.

5. As to the regions and countries investing in China, the top 10 regions and countries that have invested the most in China are Hong Kong and Macao, Taiwan, the United States, Japan, Singapore, Korea, Canada, Thailand, the United Kingdom, and Germany. Up to the end of 1994, more than 150 countries and regions have invested in Mainland China. The above 10 have set up 19,405 enterprises in China; their actual fund input was worth \$80.5 billion, accounting for 88.8 percent and 84.2 percent of all foreign-funded projects and actual amount of foreign capital put to use, respectively. Among them, Hong Kong and Macao ranked first, having set up 139,959 enterprises with agreed investment of \$200.4 billion and actual investment of \$60.05 billion. These figures represent 63.4 percent, 66.7 percent, and 62.83 percent of the total number of enterprises, total agreed foreign capital, and actual foreign investments absorbed, respectively.

#### A New Era in the Utilization of Foreign Investments

The above situations and characteristics show that, on the one hand, mainland China's attraction of foreign investments has been a huge success and has greatly promoted the nation's economic development. On the other hand, looking at the new situation the mainland economy is facing today, there are new demands in terms of total volume, structure, and distribution in further opening up foreign investments. It is fair to say that China's foreign capital utilization is at a critical turning point. Primarily, foreign capital input must fit the pattern of China's readjustment of the industrial structure. The readjustment of China's industrial structure has several important missions:

1. It must vigorously strengthen its "bottleneck" industries to solve its structural imbalance problem; and second, it must vigorously develop its mainstay industries to achieve industrial optimization. To this end, the State Planning Commission has designated certain areas where foreign investments are encouraged, and they are: 1) comprehensive agricultural development and new agricultural technology projects; 2) infrastructure and basic industries, including coal, electricity, and petroleum exploitation; railroad, highway, port, and airport constructions; iron and steel, nonferrous metals,

chemical, and construction materials development; 3) mechanical and electronic, petrochemical, auto manufacturing, construction, and other mainstay industries; 4) projects that bring advanced technologies, improve product performance, conserve energy and raw material usage, improve economic efficiency, or fill the void in domestic production; 5) export projects that earn foreign exchange; 6) new technologies and new equipment that make comprehensive use of resources or regenerate resources.

2. Foreign investments must cater to the needs of China's improvement of its regional economic distribution. Today, narrowing the gap in economic development between the east and west and accelerating the development of resources in the central and western regions are important aspects in Mainland China's economic development. Henceforth, while continuing to expand foreign capital utilization along the coastal region, the Chinese government will step up investments in the central and western regions and encourage foreign investors to invest in China's western region.

3. Foreign investments must cater to the efforts to raise the industrial technological level. In the future, China will vigorously develop its mainstay industries; and it will develop its engineering industry, where basic machinery and basic parts and components are the breakthrough point, and communications, resources, and complete sets of equipment are the focus. It will develop its electronics industry, where integrated circuitry, computers, communications equipment, and a new generation of household appliances are the focal points. It will develop the petrochemical industry, where ethylene acts as the "dragon head", and the three main synthetic materials are the focal points. Also, it will develop the auto industry which emphasizes the production of sedans, lightweight vehicles, and auto parts and components. It will also develop the construction industry and the related building materials industry. For these reasons, China will encourage transnational companies to set up large, capital-and technology-intensive companies in China.

In view of the above situations, China's current policy is to utilize foreign investments actively, properly, and effectively. It will raise foreign investment utilization to a new level.

#### Foreign Trade & Investment

**No Numerical Limit on Foreign Branches in Beijing**  
OW1008090595 Beijing XINHUA in English  
0809 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA)  
— China does not intend to impose any numerical

ceiling on overseas bank branches in Beijing, Deputy Governor of the People's Bank of China (PBC) said here today.

Approval of application from overseas banks for setting up branches in the Chinese capital will depend on the actual conditions of the banks and other factors related to the issue.

A major part of the "other factors" is the supervision ability of the PBC's Beijing branch, Chen said.

The first group of five overseas banks have been approved to establish branches in Beijing. The Bank of Tokyo became the first to open a branch in the Chinese capital on July 18, followed by the Hong Kong and Shanghai Banking Corporation on August 3.

"Many overseas banks have applied for opening branches in Beijing and at present we're studying the second group of overseas bank applications," Chen said.

Currently, 23 Chinese cities have been open to overseas financial institutions which, by July 10, had established 129 operational financial agencies in Shanghai, Shenzhen, Tianjin, Beijing, Dalian, Wuhan and another eight large or coastal cities.

Of the 129 agencies, 120 were overseas banks or branches, five were solely-funded financial firms and four were insurance companies.

Latest PBC statistics show that the 113 overseas banks and branches that had officially opened for business by the end of June have combined assets valued at 14.51 billion US dollars. Their outstanding loans and deposits by then stood at 9.81 billion and 2.57 billion US dollars, respectively. Their post-tax profit in the first half of this year totaled 79.75 million US dollars, up 120 percent over the same period of last year.

#### **Growth of Foreign Financial Firms Reported**

*OW0908155795 Beijing XINHUA in English  
1510 GMT 9 Aug 95*

[FBIS Transcribed Text] Beijing, August 9 (XINHUA) — Foreign financial institutions have witnessed impressive growth in China in the past ten years.

Fourteen cities in the coastal region now host 129 foreign financial institutions, including 120 banks, five financial firms and four insurance companies, according to the statistics from the People's Bank of China, the central bank.

By the end of June the foreign financial institutions boasted total assets worth 14.51 billion US dollars, had issued 9.81 billion US dollars in loans and received 2.57 billion US dollars in deposits.

China opened the first group of coastal cities to overseas financial institutions in 1985, and gradually opened Shanghai, Tianjin, Guangzhou, Dalian, Fuzhou, and other cities to them. A series of regulations have also been drawn up to manage and ensure the smooth development of the financial institutions.

Most of the foreign financial institutions have witnessed good economic returns. In Xiamen, a special economic zone in southeast China's Fujian Province, the 14 foreign bank branches made a total of 11.7 million US dollars in net profit in 1994, according to official sources.

These financial institutions have widened fund-raising channels for China, added services for joint ventures and introduced their clients to invest in China.

They have also brought in advanced management styles and international trade clearance methods, narrowing the gap between China's financial sector and its international counterparts, and promoting China's foreign trade.

In addition, the wide distribution of the foreign financial institutions has spurred regional economic growth, according to experts.

Thirty-three foreign bank branches are operating in Shanghai, strengthening the metropolis' position as China's financial hub and paving the way for it to regain its reputation as one of Asia's financial centers.

In Shenzhen, one of the first special economic zones, 23 foreign bank branches provide capital and services to help the city create the largest foreign trade volume in the country.

Dalian, a port city in northeast China's Liaoning Province, has seen its economy benefit a lot from the 11 local overseas bank branches.

And in Xiamen the foreign banks provided 35.2 percent of the loans in foreign currency and undertook 29.73 percent of the export settlement in foreign currency in 1994.

#### **Foreign-Funded Retail Firms Restructure**

*OW1008034895 Beijing XINHUA in English  
0136 GMT 10 Aug 95*

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — The Chinese people's as-yet low consumption ability has forced a Sino-Malaysian department store to restructure its commodities and lower its prices.

The Parkson Department Store, with investment from the Lion Group of Malaysia, had to increase the share



of medium-grade goods to 80 percent and opened a "10-yuan goods hall" several months after its opening in March last year.

Currently, Parkson is offering from 10 to 50 percent discount for its goods, increasing its daily sales volume by 30 percent.

"We gradually realized that it isn't enough to have good shopping conditions, quality service and advanced sales style, so we adjusted the structure and prices of goods to attract more customers," said Low Kim Tuan, assistant general manager of Parkson.

He said that in the first few months Parkson didn't actually make a profit.

"A pair of imported shoes costing 1,000 yuan, a suit selling at several thousand or up to 10,000 yuan were not at all attractive to most of the Chinese people, whose monthly incomes are merely a few hundred yuan," he said. "Due to insufficient knowledge of China's national conditions, many foreign-funded department stores sell mostly high-grade goods."

To lower prices, Parkson will sell more Chinese famous-brand goods and goods produced by foreign-funded companies, rather than imported goods, because the former are much cheaper.

Currently, only half of the 400,000 types of goods are imported.

Similar experiences have also been shared by Isetan Department Store, a Sino-Japanese joint venture in China's third largest city, Tianjin.

Isetan, which hasn't made a profit since its opening at the end of 1993, now has 70 percent of its goods purchased inside China, and has increased the proportion of medium and low-grade commodities.

Akifumi Morita, deputy general manager of Isetan, said that sales picked up after the restructuring, and he estimated that the shop will begin to make profits from the end of the year.

Wang Minghong, an official at the Ministry of Internal Trade, said that the key to success in China's retail sales sector is for foreign investors to have a thorough understanding of China's national conditions and market conditions, and adapt to the Chinese people's consumption habits and capabilities.

#### **Electronics Industry Attracts Overseas Investments**

OW1008095695 Beijing XINHUA in English  
0936 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, August 10 (XINHUA)  
— China's booming electronics industry has attracted

huge investments from an increasing number of overseas transnational corporations.

Yu Zhitian, advisor to the Chinese Minister of Electronics Industry, said that in the past, foreign investment used to come from Hong Kong, Macao and Japan and most of the projects used to be small and medium-sized.

With the further development of the Chinese electronics industry, overseas transnational corporations have become more active in making investment in this field in recent years, he said.

Yu said that transnational corporations which have launched large electronics joint ventures in China include Matsushita, Toshiba, Hitachi, Fujitsu, Sony, Sharp, Sanyo and Kenwood of Japan; IBM, Hewlett-Packard, Bell, Motorola, Xerox, Rosemount, GE, Mobil and Ford of the United States; Siemens, Henkel and SEM of Germany; Philips of Holland; Northern Telecom of Canada; BOC of Britain; Samsung of the Republic of Korea and other large companies and consortiums from Southeast Asian Nations, Hong Kong and Taiwan.

Yu said that the Ministry of Electronics Industry (MEI) has signed 20, 18 and 13 joint venture and cooperative agreements with IBM, Fujitsu and Siemens, respectively.

The Shanghai Meters and Instruments Bureau, for example, has 183 Sino-foreign joint ventures, involving a total investment of 1.68 billion US dollars. Eleven transnational corporations were engaged in 17 of the projects, involving a total capital exceeding 250 million US dollars.

Siemens of Germany has recently entered into an agreement for electric motor production with the Shanghai-based Dongfeng Automotive Manufacturing Corporation, involving a total investment of 14 million US dollars. To date, Siemens has set up four joint ventures in the Pudong New Area of Shanghai, involving a total investment of 84.5 million US dollars.

The "Blue Giant" IBM announced in the first half of this year to move its headquarters from Hong Kong to the Chinese capital of Beijing and launch a new joint venture in Shenzhen, which needs a total investment of 10 million US dollars.

Northern Telecom of Canada has decided to inject 130-150 million US dollars into China's electronics industry in the coming five years.

Statistics show that China had 8,000 electronics joint ventures by the end of last year, involving a total investment of seven billion US dollars, four billion of which were actually in place.



In the first half of this year, Sino-foreign electronics joint ventures scored an output value of 22.14 billion yuan (about 2.6 billion dollars), up 53.9 percent from the corresponding period of 1994.

Experts with the ministry said that the current investment momentum by transnational corporations in China's electronics industry will remain strong in the second half of this year.

#### **Newspaper Reports Auto Exports Rise, Imports Drop**

*OW1008081995 Beijing XINHUA in English  
0733 GMT 10 Aug 95*

[FBIS Transcribed Text] Beijing, August 10 (XINHUA) — China's exports of automotive products went up in the first half of this year, while imports were down by a big margin.

The export volume amounted to 310 million US dollars from January to June, up 53.5 per cent over the same period of 1994, according to the latest issue of "CHINA AUTOMOTIVE NEWS". Import volume plunged 57.9 per cent, to 850 million US dollars.

Automobiles, engines, and motorcycles were the main export items. In the first six months, 8,500 Chinese autos, worth 71 million US dollars, were shipped abroad. Trucks accounted for the largest amount, while cars and buses also increased, according to the paper.

Imports of lorries, buses, light-duty jeeps, and motorcycles fell sharply, by 80 per cent. About 7,000 cars passed through Chinese customs by the end of June, a decline of 62 per cent from the January-to-June period of 1994.

#### **Sino-ROK Joint Die Venture Starts in Changchun**

*OW1008095495 Beijing XINHUA in English  
0858 GMT 10 Aug 95*

[FBIS Transcribed Text] Changchun, August 10 (XINHUA) — A contract was signed here Monday to build a Chinese-Republic of Korea joint venture, to be called the Changchun-Samhung Die Company.

The contract was signed by the No. 1 Automobile Group, one of the largest motor vehicle builders in China, and the Samhung Plastic Co. Ltd. of the Republic of Korea.

The venture will be built in the Changchun Economic and Technological Development Zone in this capital of Jilin Province at a total cost of 31 million yuan, and will import technology to manufacture small and medium-sized dies and plastic products.

The Chinese partner will contribute 51 percent to total investment in the company, which is scheduled to go into operation in early 1996.

This is the fourth joint venture launched by the No. 1 Automobile Group and foreign companies. The first, which was built by the Xecel Company of Japan, will manufacture air-conditioners, the second, set up with the Ford Company of the United States, will produce radiators, and the third, established with the M.P. Company of the United States, will turn out die castings.

#### **Toshiba Sets Up New Subsidiary in Beijing**

*OW0908163595 Beijing XINHUA in English  
1625 GMT 9 Aug 95*

[FBIS Transcribed Text] Tokyo, August 9 (XINHUA) — Toshiba Corp., one of the world's electronics giants, said today that it has established a new subsidiary in Beijing, China, to supervise and support its increasingly diverse business operations in the country.

The new company, Toshiba (China) Co., Ltd., with a total capital of 30 million U.S. dollars, is solely owned by the Toshiba Corporation.

The subsidiary will assist in the parent firm's investment in China as well as procurement both inside and beyond the country.

It will also help in balancing foreign exchange among Toshiba units operating in China with the approval of the Chinese government.

Other services the subsidiary is expected to provide include sales, marketing, advertising, recruitment and training.

The company will also serve as a clearing house for the provision of business-related information, the headquarters said.

Toshiba now has four manufacturing sites in operation in China and three more are scheduled to start operation in the near future.

Toshiba subsidiaries now have some 2,000 employees and their cumulative investment in China totals more than 17 billion yen (188 million U.S. dollars).

#### **Shenzhen Increases Currency Earnings From Tourism**

*OW1008094595 Beijing XINHUA in English  
0923 GMT 10 Aug 95*

[FBIS Transcribed Text] Shenzhen, August 10 (XINHUA) — Shenzhen city in south China's Guangdong Province earned 276.15 million U.S. dollars from tourism in the first six months of this year.

The figure represented an increase of 33.6 percent over the same period last year.

Local officials attributed the increase in hard currency earnings from tourism to the sharp increase of overseas tourists to Shenzhen, one of China's earliest special economic zones, during the period from January to June.

From January to June, 173,200 overseas visitors from 20 countries and regions visited this south China city, up 38.5 percent over the same period last year.

**Beihai Port in Guangxi Welcomes Overseas Investors**

*OW1008095595 Beijing XINHUA in English*  
*0907 GMT 10 Aug 95*

[FBIS Transcribed Text] Beihai, August 10 (XINHUA) — Beihai, a port city in southwest China's Guangxi Zhuang Autonomous Region, had approved 1,182 foreign-funded businesses by the end of June, according to the city government.

A city government official said that such companies have brought in 1.05 billion U.S. dollars in overseas funds, roughly 40 percent of the total foreign funds introduced in Guangxi.

Flocking to Beihai are investors from Japan, the Republic of Korea, Southeast Asia, Europe, North America and Australia.

Overseas companies invest in a whole range of industries in Beihai, including manufacturing, construction, transport, telecommunications, commerce, tourism, real estate and entertainment.

Foreign companies are undertaking more big projects, the official said, adding that 87 projects each involve at least 10 million dollars in investment.

Wholly foreign-owned firms account for nearly a quarter of newly-approved foreign-funded companies, he said.

**Shanxi 'Important' Minerals Exporting Base**

*OW1008090395 Beijing XINHUA in English*  
*0819 GMT 10 Aug 95*

[FBIS Transcribed Text] Taiyuan, August 10 (XINHUA) — The sharp rise of exports from north China's Shanxi Province has turned it into an important export-oriented production base of mineral resources.

In the January-June period this year, the total import and export volume of the province topped 715.21 million US dollars. Of this, the export volume hit 646.65 million US dollars, up 101 percent over the corresponding period of last year.

Of the province's key export commodities which earn foreign exchange above 20 million US dollars, coke takes the leading position earning 159 million US dollars, followed by coal, pig iron, rolled steel and garments.

According to provincial officials, Shanxi is the country's largest coal production base, turning out 300 million tons of coal annually. And three fourths of the coal produced are consumed by other provinces and regions of the country.

Presently, the province exports 100 million US dollars worth of commodities per month, doubling the comparative figure for 1994.

**Overseas Investment Invited in Tibet Forest Area**

*OW1008090495 Beijing XINHUA in English*  
*0804 GMT 10 Aug 95*

[FBIS Transcribed Text] Lhasa, August 10 (XINHUA) — Nyingchi, a forested area in Tibet with plentiful water supplies, has extended an invitation to all overseas investors to help open its untapped natural resources, Jin Xisheng, secretary of the Nyingchi Prefectural Committee of the Communist Party of China, announced here today.

The prefecture will implement a series of preferential policies for foreign investors worked out by the regional government not long ago, allowing partners to earn a good profit, Jin said.

Both exclusively-funded companies and joint ventures are welcome, he added.

Nyingchi, which covers an area from 600 to 3,000 meters above sea level, has 2.64 million ha of forested area, accounting for 80 percent of Tibet's total, and has estimated timber reserves of 884 million cubic meters.

The region is rich in waterpower resources, with an estimated reserves of 82 million kw, 40 percent of which can be used for energy production.

The prefecture also has the Yarlung Zangbo Gorge, five or six times that of the Colorado River, a 7,782-meter-high peak, the world's 15th highest, and a large group of ancient tombs.



**\*Trade Commission Analyzes Exports, Imports**

95CE0497A Beijing JINGJI GONGZUO TONGXUN  
[ECONOMIC WORK NEWSLETTER] in Chinese  
31 May 95 No 10, pp 21-22

[Article by the Economic Information Center of the State Economic and Trade Commission: "Analysis of China's Current Export Environment"]

[FBIS Translated Text] Foreign trade now makes up a large share of China's national economy. In 1984, the gross volume of foreign imports and exports was 17.3 percent of the GDP; by 1994 it was about 45 percent, putting the international market on a par with the domestic market.

### **I. There is Now a Definite Foundation for Foreign Trade, With Stronger Ability To Resist Risks**

China's status in international trade is now more important due to the rapid development of foreign trade in 1994. The gross volume of foreign exports and imports in that year increased by 20.9 percent over the year before; and exports and imports, as a percentage of the gross, increased by 31.9 percent and 11.2 percent, respectively. China ranks 11th among the world's principal trading nations, and this improved international trade capacity has strengthened China's voice in global trade matters.

The international competitiveness of Chinese products is demonstrated by the fact that there has been a considerable increase in the export of finished products while the export product mix has continued to improve. In 1994, exports of industrial finished products increased 34.9 percent, and its share of the total volume of exports rose from 81.8 percent in 1993 to 83.7 percent in 1994. Of this, export of machinery and electronic products increased 40.9 percent, with their share of the total exports going from 24.7 percent last year to 26.4 percent; and with electronics, machinery, instruments and mechanical facilities with high technology content and product attached value occupying the largest proportion, it reached as much as \$28 billion, an increase of 41.7 percent, and 87.5 percent of the total of electronic and machine products exported.

### **II. The GATT Reentry Issue Will Not Deter Development of Foreign Trade**

*1. Sino-US trade will not likely fall off because of China's failure to reenter GATT on time; exports to the U.S. will not change greatly.*

China's exports to the U.S. have been significant, but even after China reenters GATT, without a fundamental change in our export product mix, it will be difficult to increase our U.S. exports to any extent. Our objective in

the future should be to develop our trade with a variety of nations. Failure to reenter GATT will not mean significant change in our current situation regarding U.S. exports, but could have some impact and place certain restrictions on our exports to America. In 1993, China exported \$17 billion to the U.S., which was 18.5 percent of our total exports. On the surface, this percentage appears lower than that of neighboring countries with developmental situations similar to ours, such as South Korea, Thailand, the Philippines and Taiwan, for which the U.S. proportion of total exports was 28.2 percent, 22.8 percent, 37.4 percent (in 1991) and 28.9 percent (in 1992) respectively. China appears to have a lower rate, but if we count Chinese products exported to the U.S. through other countries, the rate in 1993 was about 39 percent. This explains two problems: one is that our foreign trade exports to America are a large share of the total; two, there is not much potential for future growth in our U.S. exports; so we must be vigorous in developing international markets other than the U.S., in order to maintain growth in foreign trade exports.

*2. Sino-Japanese trade will continue to develop: China has great potential for expanding exports to Japan, and this is expected to show stable growth.*

Since the government and people of both nations have given a great deal of attention to developing the Sino-Japanese trade relationship, Japan has become China's largest trading partner, and China is Japan's second largest trading partner, with each side playing a very important role in the other's foreign trade. In 1994, the volume of Sino-Japanese bilateral trade was \$47.9 billion, an increase of 22.6 percent over the previous year. In 1993, China directly exported \$15.8 billion to Japan, which was 17.2 percent of our total exports. Authoritative estimates are that in 1995, Sino-Japanese trade and economic cooperation will add a whole new level to what has been successfully accomplished to date. We believe that China's export environment with Japan will not change greatly, and exports to Japan will show stable growth; also, Sino-Japanese trade has been in a deficit situation, so China has great potential in the long term for increasing its exports to Japan.

*3. China's failure to reenter GATT will not have a negative impact on the development of Sino-European Community (EC) economic and trade cooperation.*

While China's negotiations to reenter GATT have not progressed well, it still appears that China's cooperative economic and trade relationship with the 12 European nations will not be affected. A responsible person in the EC's delegation to China expressed the view at the beginning of the year that the issue of China's failure

to reenter GATT would not have a negative impact on its relationship with China.

At present, China is the EC's fourth largest trading partner, behind only the U.S., Japan and Switzerland. In recent years, bilateral trade volume has set one new record after another, being \$26.1 billion in 1993 and \$31.5 billion in 1994. China's foreign trade authorities think that the total volume of China's trade with the European Community after it has expanded by another three countries will exceed \$40 billion in 1995.

*4. There is still huge potential for expanding trade with neighboring countries.*

China's neighboring nations and areas are basically at the same developmental level as we are, all hoping to compensate for their shortcomings and accelerate their development through international trade; but in the meantime they are limited by international trading blocs. China has innumerable cultural and traditional links with these countries, so naturally the conditions are favorable for close trade cooperation. At the same time, the economy of the entire East Asian region has moved from a primitive level to become one of the world's most attractive markets, and should also become a huge export market for Chinese products.

Also, in addition to China such nations as India and Brazil are recognized as up and coming in the world's large markets, and while China has developed trade with these nations to some degree, it is still at a very low level. In 1993, our total bilateral trading volume with India was only \$670 million. It was only \$1.06 billion with Brazil in 1993, and while it increased 35 percent in 1994, it was still only \$1.42 billion. So there is massive potential for export to these countries.

### **III. Even If Trade Disputes Develop Into Trade Conflicts, the Impact Should Still Be Limited**

Contradictions and disputes are unavoidable in the conduct of international trade. However, if both parties take a positive attitude, all problems will be resolved in time. Because some concerned parties do not want to lose their place in the market to the other party, they are unwilling to expand practical disputes. China's economy is potentially one of the largest markets in the world; every large company has a long-term plan for this market, so the Sino-U.S. dispute is regarded as just a small bump in the road. While other foreign companies who have already built up manufacturing bases or other business bases do not feel uncomfortable about the Sino-U.S. dispute, they are concerned about how to expand their existing Chinese business and develop their Chinese market. Economic and trade relationships cannot exist and develop without being

mutually beneficial; therefore, when conflicts occur, their influence should be limited.

### **IV. Domestic Economic Development Demands Development of the Export Market; the Domestic Environment Will Continue to Be Favorable to Exports**

Domestically, the issue which will affect China's exports the most is that of the foreign exchange rate. At the beginning of 1994, after the foreign exchange rates were merged, depreciation of the renminbi [RMB] stimulated exports and restrained imports to a considerable degree; meanwhile, foreign trade system reform also underwent major surgery, and created the situation we have now, with rapidly growing exports and falling imports. The favorable impact of merging foreign exchange rates last year will be somewhat lessened this year; also, some contradictory issues have the potential to influence future development. Of more significance is that the RMB exchange rate will rise to some degree if there is a high domestic inflation rate. If the exchange rate continues to rise, it will have a negative impact on exports.

Through the above comprehensive analysis, we conclude that we should not underestimate the possible appearance of problems in the 1995 foreign export environment. We must deal with it seriously and take firm and decisive action. In 1995, under the proper macroregulatory measures, the future of China's foreign trade is bright, and foreign exports will maintain the high pace of 1994's rapid growth.

## **Agriculture**

### **Agricultural Bank Deposits Reach 'Record' Level**

*HK1008070095 Beijing CHINA DAILY in English  
9 Aug 95 p 5*

[Article by Ding Xuemei: "Savings Deposits Growing at ABC"]

[FBIS Transcribed Text] Savings deposits at the Agricultural Bank of China (ABC) and its rural credit co-operatives (RCCs) topped 1,000 billion yuan (\$120.48 billion) by the end of July.

That is 169.7 billion yuan (\$20.45 billion) more than at the beginning of the year.

ABC President Shi Jiliang said that this marks another breakthrough since October when the bank's rural savings reached a record 800 billion yuan (\$96.38 billion).

The savings increase is especially praiseworthy because it is gained under unfavourable circumstances.



This year, the country has expanded the issue of State Treasury Bonds. ABC had underwritten 24.3 billion yuan (\$2.92 billion) worth of them.

RCCs had paid out 6 billion yuan (\$722.89 million) for the special deposits by the end of July.

Meanwhile, 2.6 billion yuan (\$313.25 million) in loans had been granted for flood relief, Shi said.

All the factors have made it difficult for ABC and RCCs to increase rural individual savings, but the bank is sticking to the principle of development through attracting more deposits and has made efforts to improve financial services, which guaranteed the steady increase of savings, Shi said.

Since last year, the bank has put aside capital to open savings outlets in some large and medium-sized cities with rich resources and commercial towns.

Of the bank's total personal savings, about 20 percent to 30 percent comes from urban residents.

Shi also attributed the surge to the increase of farmers' income.

Increasing purchasing prices for farm products and the absence of IOUs have resulted in the increase of farmers' income adding much to rural savings.

Meanwhile, rapid development of township enterprises has provided more money-earning opportunities for farmers during the leisure seasons.

The increase in rural savings has promoted the bank's ability to support agriculture and rural economy, Shi said.

By the end of June, ABC's outstanding loans for agriculture reached 100.9 billion yuan (\$12.15 billion). This is 13.3 billion yuan (\$1.6 billion) more than at the beginning of the year, completing 56 percent of the year's target.

#### **Problems for Peasants Raising Hogs Examined**

95CE0518A Beijing JINGJI RIBAO in Chinese  
12, 16, 19 Jun 95

[Article by correspondent Jiang Bo (1203 3134) in three installments]

[12 Jun p 1]

[FBIS Translated Text] **Editor's Note:** *Stabilizing hog production and marketing, while avoiding excessive market fluctuations is an important matter affecting the personal interests of hundreds of million of people in cities and the countryside. Since the end of 1994, numerous noteworthy new problems have occurred in hog production and marketing throughout the country about*

*which both the party and the government are extremely concerned and have taken practical measures to solve. Why have the present changes in hog production and marketing occurred? How is the role of main state-owned food corporation channels being applied? In what direction should the country's future hog production develop? Beginning today, this newspaper will publish three reports a correspondent has written to provide the readership an understanding of this matter.*

No sooner do complaints about too much subsidy than complaints about too little recur. The widespread appearance of cheap hogs during the "small busy season (March-May)" that has hurt the peasants are worrisome.

The three day national food work conference I attended was abuzz with talk about hogs. Jiang Zengwei [1203 1073 0251], director of the Consumer Goods Circulation Department of the Ministry of Internal Trade, said outright: "Hogs are the keystone of our food work." Yes indeed. Today, when the standard of living has risen markedly, most people feel that not having pork on the table for two or three days in a row is unimaginable.

However, it is not a matter of the more hogs the better. Many hogs also bring the problems that go with many hogs. At the end of 1994, hogs in inventory nationwide numbered 410 million, up 4.9 percent from the previous year. Reports say that the number increased another 7.7 percent during the first quarter of 1995. Even though the peasants in some areas held their hogs off the market in expectation of a higher price, still the number removed from inventory increased 13.4 percent.

Memories of the shortage of hogs and the rise in hog prices at the beginning of the year have not yet faded, but people are now facing "difficulty selling hogs" over a wide area. This has resulted in a fall in the hog procurement price from 8.30 yuan per kilogram during the peak period in 1994 to the present 6.20 yuan per kilogram. Consequently, the price of shoats has tumbled from the 10.70 yuan per kilogram of November 1994 to around 6.00 yuan. Ministry of Agriculture statistics show a 15 percent decrease in the replacement of shoats in inventory. This is a sign that during the second half of 1995, "difficulty in buying hogs" will recur.

People say that considering per capita pork consumption in the country today, the number of hogs in inventory cannot be deemed too large. In view of the 4.40 yuan per kilogram hog procurement price during the first quarter of 1994, 6.20 yuan cannot be considered too low. The main reason sows are being butchered and shoats are being sold off right now is the high price of grain.

Early last year, the price of corn, the main hog feed, was 0.50 yuan per kilogram. Ever since the government

adjusted grain prices in June 1994, the price of corn has continued to rise. Today it is between 1.60 and 1.80 yuan a kilogram. This has caused a cataclysm in the price ratio between hogs and grain, which fell from 1 to 6 during the peak period in 1994 to 1 to 4 today, and even to 1 to 3.5 in some places. A survey of 10 counties in Zhejiang Province showed an 82.66 percent rise in the procurement price of hogs in a single year, but a 102.4 percent rise in the cost of raising hogs. Naturally, low hog prices hurt the peasants.

In order to solve the irrational grain-hog price ratio problem, in February 1995 the State Council shipped 1 million tons of reserve corn to the south. According to a recent Central Television Station report, in May, the State Council again decided to urgently ship 1 million tons of parity price corn below the Great Wall from the northeast. Although these corn shipments have not yet completely reached the hands of the peasants, the market price of corn has already begun a downturn, and the procurement price of hogs has risen. No doubt, this action has made worried people breathe a sigh of relief. Of course, this cannot become a reason for blind optimism about hog output during the last half of the year.

China's hog production has maintained steady growth momentum for 15 years in a row. Nevertheless over the years, "difficulty buying hogs" has alternated with "difficulty selling hogs." Furthermore, the cycles have become shorter and shorter, and each rise and fall has become more intense. Underlying the fluctuations in hog production are fluctuations in agriculture, and grain shortages. One important reason for the hog-grain ratio movement in 1995 is the lean corn harvest during 1994 when output decreased 34 billion kilograms.

Near-term prospects are that a grain supply sufficient for pig feed will not be a big problem. Effective macroeconomic means may be used to readjust the hog-grain price ratio at once to protect peasant interest in hog raising. Once the State Council took the most recent urgent measures, the market price ratio was corrected fairly quickly.

However, long-term prospects are by no means optimistic. On the one hand, urban construction steadily takes over cultivated land while, on the other, agriculture has little ability to withstand natural disasters. There is no way to increase yields greatly all of a sudden, in addition to which the population is increasing by a net nearly 10 million each year. Thus, for a fairly long time to come, grain output will be less than 400 kilograms per capita. Consequently, converting large quantities of grain into meat and eggs is not realistic. In recent years, the country's demand for pork has increased 4 percent

each year. Increase in rural consumption has been particularly striking. In Guangdong Province, meat consumption has increased 8 percent each year, and in the Zhu Jiang delta, it has increased 15 percent. This means that the breeding industry's demand for feed — including feed for hogs — increased 15 percent each year. The 1995 "difficulty selling hogs" during the small busy season was nothing more than an abnormal phenomenon borne of the high hog procurement prices during the second half of 1994.

Simultaneous with the alternating "difficulty purchasing hogs," and "difficulty selling hogs" is an alternating rise in the price of hogs and the price of grain. A rise in grain prices sparks a rise in hog prices. When hog prices remain high, the price of grain rises inasmuch as all boats rise whenever water rises. During the past several years, price readjustments really did stimulate grain and hog production for a period. Today, when the country's grain prices substantially track the international market, the price of corn ranges between 1,600 and 1,800 yuan per ton, which is reportedly higher than the international market price. Thus, room for a further price increase is not great; prices can no longer easily stimulate hog production. Therefore, we must take a new approach and new actions for further development of the hog raising industry.

#### [16 Jun p 3]

Despite the more than two yuan per kilogram slide in the procurement price of hogs from its peak, and a more than 3 yuan per kilogram slide in some places, virtually no change has occurred in the market price of pork. Even though its price has fallen in individual areas, the amount is minuscule. This suggests a breakdown in the pork trading system.

Granted that prices and taxation are important means for effective market regulation and control, the most fundamental means remains market share. As the main department in charge of hog trading, the Ministry of Internal Trade has long realized this. Several years ago, it required that state-owned food corporations in all jurisdictions be responsible for 40 percent of all wholesale sales of pork. In major marketing areas, the percentage is even higher. After many years, except for Shanghai, which is unique, and in which state-owned food corporations hold 66 percent of the wholesale market share, with the result that the rise in the price of pork is markedly lower there than the average for the rest of the country, the average market share of state-owned food corporations elsewhere in the country was only 20 percent in 1994. In Hainan Province, where government's role is small and society's role is large, it was only between two and three percent. In Beijing,



which, like Shanghai has a population of more than 10 million and an itinerant population of more than 3 million, state-owned food corporations account for only one-tenth the volume of pork buying and selling of Shanghai. In the big city of Tianjin, the state-owned food corporation sold only about 10 tons of pork a day during May. Never mind regulating and controlling the market, even the corporation's role in renewing reserves was questionable. Obviously, the inadequacy of main state-owned channels in the pork market has resulted in a loss of market control and fluctuations. Although the sea of small shops and peddlers cannot form a monopoly in the strict sense of the word, they are amazingly adept at jacking up prices, and at tax cheating and evasion. No wonder that the peasants complain: "Raising a hog is not as profitable as selling pork for a day."

In order to regulate the market, the State Council assigned the Ministry of Internal Trade the task of implementing both central government and local government reserve plans, and most local governments also set up provincial and municipal reserves. (They also took the extremely important step of setting up a non-staple foods risk fund.) Pork holds the most important place among non-staple foods in the reserve. Most of the meat in the meat reserve, which has just been started, is frozen pork. Although frozen pork does not sell as well as fresh pork, when market supply must be stabilized, it does drive down the price of fresh pork sold by the operators of fresh pork stalls. During the slack season in supply and when some adverse situation suddenly occurs, it serves even more to stabilize markets. When Guangdong Province was hit by widespread flood disasters in May 1994, pork was in short supply in quite a few places, but because it maintained a pork reserve system, Guangzhou City was able to open up its reefers at once to supply disaster stricken cities to very good effect. After the disaster passed, Guangdong acted to increase local reserves.

Comrades from Fujian Province talked about the following situation. When Sanming City had a flood during the summer of 1994, a shortage of pork occurred and prices soared. After the city imposed a ceiling price, individual pork sellers struck the city for five days, but the government supplied reserve pork and hogs that food corporations had raised themselves, throwing them on the market urgently. By the sixth day, the pork dealers tamely opened for business.

This demonstrated the role of the main channels of supply, and it also demonstrated the power of the pork reserve system!

The pork reserve system is so important, yet it has not operated as well as it might. According to the

central government and local government reserve plan for 1994, which requires a turnover of reserves once every six months, at least 500,000 tons of reserve pork should have been taken out of storage, but only 300,000 tons was actually removed. In 1994, only 40 percent of the country's cold storage capacity was used. Clearly, the reserve system is not operating to the full. In Shanghai, the two tier reserve contains nearly 100,000 tons of pork. The Beijing and Tianjin reserves each contain 30,000 tons. Some large consumption provinces have between 10,000 and 20,000 tons. Some provinces divide the reserves among cities, the province itself maintaining no reserve. Should market problems occur, these provinces would very likely become vulnerable.

In 1994, thirty-six of the country's provinces and cities drew up reserve plans for 274,000 tons of pork, but so far they have not put them into practice very well. The main problem is money. Shanghai's reserve contains nearly 100,000 tons of pork, or 66 percent of the capacity of main channels. This is supported by huge subsidies. It has been estimated that between 2,700 and 3,000 yuan must be spent each year for each ton of pork in storage, assuming a regular rotation in and out of storage. For most provincial capital cities, this means tens of millions, or even 100 million yuan, each year. This is certainly no small expenditure. Nevertheless, a decision to spend this much money must be made in order to stabilize pork production and marketing, and to prevent excessive market price ups and downs.

Nowadays, people are pretty much agreed about the role of a main channel for hog production and marketing. What corresponding actions should be taken to use the role of the main channel truly to the full is an important problem that all levels of government and the food industry faces.

#### [19 Jun p 3]

A tug of war has gone on for many years between production areas and marketing areas during the busy and slack seasons in removal of hogs from inventory. To use the words of a high level authority, when hogs are numerous, marketing areas take the opportunity to force prices down and they deliver a kick in the bargain (owing large amount of money). When hogs are scarce, producing areas withhold hogs from market to get their price, and they deliver a punch as well (demanding prepayment). Thus, market prices naturally fluctuate endlessly. Now that the Ministry of Internal Trade has set up an inter-province allocation system (which handled 190,000 tons in 1994), this situation has improved somewhat.

Underlying the intense slack and busy season market fluctuations is the incongruity between small producers and the large market. This is a structural incongruity.

Owing to socio-economic conditions, most hog raising in China is done by millions upon millions of peasant households. The peasants have surplus manpower, and they feed hogs swill and food scraps, as well as cut some grass for them. Naturally, this lowers feeding costs since they do not figure their labor or time, but driven by immediate interests, producing areas frequently act unwisely. The current hog glut is a manifestation of this kind of unwise action.

The expert analysis is that owing to differences in the level of economic development of one area and another, it is normal for peasant household profit per hog to range between 50 and 100 yuan. Too low, and peasant interest in raising hogs suffers. Too high, and the peasants go hog wild. During the second half of 1994, major producing areas such as Sichuan, Hubei, and Hunan made a profit of 150 yuan or more per hog. Shandong saw profits of 200 yuan, and in some parts of Guangdong Province, profit was more than 300 yuan. Such high prices stimulated peasants to large scale hog raising, thereby causing the removal of an especially large number of hogs from inventory during the 1994 "little busy season." Some peasants waited for even higher prices, holding their fattened hogs in inventory and being reluctant to sell them. They never imagined that hog prices would suddenly plummet. Consequently, the butchering of sows, and the drop in prices of shoats today is not at all surprising.

Simultaneous with an increase in the number of hogs in inventory nationwide, a sense that "the well-off do not raise hogs" has become a trend from north to south, and east to west. In Jiangsu Province, hog production has changed from one place to another. Up until the 1970s, Jiangsu's hog production bases were located in the southern part of the province. With development of the economy of southern Jiangsu in the 1980s, these bases shifted to central Jiangsu. With the advent of the 1990s, northern Jiangsu became the hog raising base, and southern Jiangsu changed from being a net exporter to a net importer of hogs. Pork consumption in Zhejiang Province averages 18.5 kilograms per capita per year, and is increasing by 5 percent each year. The number of hogs in inventory fell 3.6 percent at the end of 1994. A survey of 947 villages shows only 37.85 percent of peasant households are raising hogs. In Shandong Province too, the raising of hogs in scattered peasant households has also declined. In early 1994, the number of hogs in inventory was at the lowest point since the decontrol of hog raising in 1985. Even in corn growing Jilin Province, only 40 percent of households raise hogs.

Both from the angle of evening out slack season and busy season market price fluctuations, and from the angle of stabilizing sources of supply of hogs, the basic approach to increasing hog production in China seems to lie in changing the small scale, scattered household pattern to the integration of production and marketing, raising hogs on a proper scale.

Of course, making hog raising on a proper scale the main stream of hog production may require several decades just as changing the overall structure of the country's economy did. Nevertheless, we must recognize this development trend now.

Raising hogs on a proper scale in China is still at the preliminary stage today. Proper scale hog farms number no more than 800-odd nationwide, and this includes the large specialized households that account for only 10 percent of the total number of hogs in inventory. In the large hog raising province of Sichuan, for example, proper scale hog raising accounts for no more than between one and two percent of hog production. Among the many factors limiting such production, the main one is lack of start-up capital. Comrades in Guangdong have made the following calculations: If it takes an investment of 10 million yuan to build a modern 10,000 head hog farm, and if building even a combination indigenous and foreign style hog farm requires at least 5 million yuan, popularizing modern proper scale hog farms within a short period is clearly impossible.

This is a difficult road to take, but it is one that must be taken. Relatively economically developed eastern coastal areas already realize the need to take the large scale production approach, and to build proper scale hog farms. Guangdong Province has come to the conclusion that it is cheaper to raise its own hogs than to ship them in from outside the province. It has decided to raise its pork self-sufficiency rate from 50 to 80 percent through hog raising on a proper scale. One after another, Xiamen, Nanjing, Qingdao, Beijing, Dalian, and Changchun have allocated money, taken over land, and invested in the building of hog farms. China's three corn-growing northeastern provinces, which have received hog shipments for many years, have seen very great results from hog raising on a proper scale. In 1994, they shipped 2 million hogs out of the province, which is especially encouraging.

Using three consolidated meat plants in Longhua, Dachang, and Wusong as a turnkey, Shanghai formed a joint hog production company composed of suburban hog farms, collective farms, and large specialized hog producing households. Plans call for going to the farms, prepaying a deposit, and shipping live hogs directly to



the plants. In 1991, 147,000 head were shipped directly to the meat plants. In 1994, 850,000 head were shipped.

The Huaiying Consolidated Meat Plant in Jiangsu signed contracts with 150 food stations in seven counties to purchase 350,000 hogs each year for three years. The contracts spelled out the kinds, numbers, price, and time of shipment of hogs to ensure arrival over a time period. The meat plant also set a procurement floor price and paid deposits in advance. The food stations signed contracts with peasants in turn, which provided services and guarded against risks. This helped the peasants take an intensive production approach. It brought the scattered peasant household hog raising into an integrated production and marketing system.

After fixing up the pig sties and shelters that individual town companies (i.e., food stations) used for hogs in

transit, Taishan City in Guangdong began hog raising on a proper scale. Twenty-seven of 34 town companies operate hog farms, each of them raising around 800 hogs, but some of them raising as many as 3,000. They also operate four sow farms. In 1994, they marketed 27,000 hogs on which they made a profit of 963,000 yuan. Thanks to the use of scientific feeding, their meat to fodder ratio was 1:3.8. This enabled the food stations to become hog farms raising hogs on a proper scale. Thus, potential is very great for the country's more than 20,000 food stations.

Hogs affect many aspects of life and relate to millions upon millions of households. The very first tender shoots that have appeared for integrating production and marketing to raise hogs on a proper scale are still very weak, but they hold promise for tomorrow.

## East Region

### Xiamen's Export-Import Volume Up \$2.3 Billion

HK1008090395 Fuzhou Fujian People's Radio  
Network in Mandarin 2300 GMT 26 Jul 95

[FBIS Translated Excerpt] Xiamen SEZ, which already has a solid foundation in the export-oriented economy, has increasingly closer ties with the world market. According to statistics by Xiamen Customs, in the first six months of the year, the SEZ export-import volume exceeded \$2.3 billion, up by 100 percent over the same period last year. The processing of imported materials, general trade, bonded warehouse imports and exports, foreign-funded enterprises importing equipment, and processing materials supplied by clients are the five major methods of import and export in the Xiamen SEZ, accounting for 94.9 percent of Xiamen's export-import volume in the first six months of the year. [passage omitted] The gross export-import value of foreign-funded enterprises was \$1.21 billion in the first six months of the year, up by 77.9 percent over the same period last year, accounting for 51 percent of the gross export-import value of the Xiamen SEZ.

### Shandong's Zhao Speaks at Science Conference

SK0808023595 Jinan DAZHONG RIBAO in Chinese  
5 Jul 95 pp 1, 3

[Speech by Zhao Zhihao, secretary of the Shandong Provincial CPC Committee, at the provincial science and technology conference in Jinan on 28 June]

[FBIS Translated Text] Comrades:

The major purpose of this provincial science and technology conference is to relay, study, and implement the guidelines of the national science and technology conference, commend the advances, summarize and introduce experiences, and study and formulate specific measures for further implementing the strategy of developing Shandong with science, technology, and education so as to facilitate sustained, rapid, and healthy development in the economy and various social undertakings throughout the province.

Thanks to the positive efforts of cadres and the masses, especially scientific and technical workers, Shandong has won great achievements in scientific and technological work since 1987, when it began implementing the strategy of developing science, technology, and education. The situation is encouraging. Comrade Deng Xiaoping's concept that science and technology are primary productive forces is striking root more deeply in the hearts of the people and the people's awareness in science and technology is increasingly enhanced, mak-

ing significant contributions to economic and social development. Here, on behalf of the provincial party committee and government, I will extend high respect to the scientific and technical workers throughout the province and warm congratulations to the advanced units and individuals who are commended!

On behalf of the provincial party committee, I will note several opinions on how to implement the guidelines of the national science and technology conference in line with Shandong's specific conditions.

### 1. Fully Understand the Position and Role of Science and Technology in the Modernization Drive

In the new period for China's socialist modernization drive, Comrade Deng Xiaoping, from the perspective of liberating and developing productive forces, has repeatedly emphasized the important position and role of science and technology in the modernization drive. As far back as 1978, Comrade Deng Xiaoping pointed out: "The key to the four modernizations lies in the modernization of science and technology." Ten years later, he again clearly put forward the brilliant thesis that science and technology are primary productive forces. The party Central Committee, with Comrade Jiang Zemin as the core, has always attached great importance to scientific and technological work and has adopted many important measures. Comrade Jiang Zemin emphasized at the national science and technology conference: "Starting with a very backward economic, scientific and technological, and cultural foundation for socialist construction, China all the more needs to concentrate efforts to greatly develop and extensively apply science and technology and give full play to the tremendous role of science and technology, as productive forces, in promoting economic and social development, if it is to reach and surpass, within a relatively short period, the productive forces development level that economically developed countries have attained in the course of several hundred years. This is a historical mission of our endeavor to build a socialist, modern, and strong country and to rank China among the advanced nations of the world." We must thoroughly study and understand Comrade Deng Xiaoping's series of important concepts on science and technology and Comrade Jiang Zemin's important thesis; bear firmly in mind the major trends in international political, economic, and scientific and technological development; fully understand the most important transformation role of science and technology in the improvement of the contemporary productive forces level, and in economic development. Fully understand the great significance in implementing the strategy of rejuvenating the country with science, technology, and education, by regarding science and technology as



a matter concerning the rise and decline of the Chinese nation, concerning whether the socialist cause can be developed smoothly, and concerning whether the grand objective of the modernization drive can be attained on schedule; take across-the-board implementation of the concept that science and technology are primary productive forces as an important task; and carry out this task in the practice of developing Shandong and all cities and counties with science, technology, and education.

Shandong's economy has crossed several large thresholds one after another over the past few years. This fully proved the important role of science and technology. In agriculture, Shandong won more than 3,100 significant scientific and technological achievements and bred 175 new strains thanks to the implementation of the strategy of developing Shandong with science, technology, and education. According to a rough calculation, our grain output increased by 13 billion jin and cotton output 16 million dan thanks to the application of fine crop seeds, interplanting and rotational planting methods, standardized cultivation, and other major agrotechnology. The Yedan series of fine corn seeds created a highest record in summer corn per-unit yield by producing 2,192 jin per mu. These fine seeds have been applied in 28 provinces and municipalities in the country and exported to Japan every year. Shandong's fairly fast development in animal husbandry and aquaculture in the past few years was also attributed chiefly to scientific and technological advance. In agricultural growth, the portion contributed by scientific and technological advance has accounted for over 40 percent. In industrial production, Shandong completed nearly 20,000 technical transformation projects, invested 71 billion yuan in technical transformation, completed 23,000 technological development projects, disseminated a number of key new technology at over 2,800 enterprises, and produced 53 brand-name products, which took lead in the country, in the four years alone after the initiation of the Eighth Five-Year Plan. These projects have brought about considerable economic results, such as 143.2 billion yuan in output value capacity, 27.1 billion yuan in profits and taxes, over 1,000 kinds of import substitutes, and \$3.03 billion in foreign exchange conservation or earning. Since the beginning of the Eighth Five-Year Plan period, more than 50 percent of the newly increased output value and profit-tax of Shandong's industrial enterprises were attributed to technological advance. Facts have proven that science and technology are indeed the "accelerator" of economic development, the driving force of social progress. Economic and social development will be fast, efficient, and reserve strength full whenever we attach importance to science and technology; and an area, a front, an enterprise, or a village will create a new situation of vigorous economic and social

development and will nurture a large number of outstanding personnel whenever it attaches importance to science and technology.

Despite its development by leaps and bounds, Shandong's scientific and technological work is still very incompatible with Shandong's status as a large province in terms of population and the economy, and as a coastal open province; and still falls short of the demand of the new situation in developing the socialist market economy. Conspicuous manifestations of this are the low rate of transformation of scientific and technological achievements, low scientific and technological input, low output value of high-tech industries, the small number of specialized technical personnel, and a still smaller number of the personnel who know technology and management and who are capable of scientific research and operation. There are, indeed, many reasons for this problem, but an important one is still our lack of understanding of the important far-reaching significance in science and technology and our lack of effective measures and necessary work momentum. Some of our comrades, including some leading comrades, still regard scientific and technological work as a "soft task" or a "far task," paying lip service to it, but giving it no attention when doing work. When talking about development, making investments to launch new projects, rather than technological potential, scientific management, and quality of staff members and workers, is the first thing that comes to their minds. Therefore, to implement the guidelines of the national science and technology conference, the most important task is still to unify understanding, enhance awareness, and truly solve well the problems in the thinking of our leading comrades at all levels.

We must soberly discern that science and technology will play an important role in fulfilling the fighting target of octupling the 1980 GNP by the end of this century and in turning Shandong from a large economic province to a strong economic one. In view of grain production, the per capita grain volume in the province will reach 1,000 jin by the end of this century and the total grain output will reach more than 90 billion jin. This is a step that is difficult for us to surmount. Currently, the province is at a considerable level in grain production and the per mu grain yield of a large number of localities has reached one tonne. Based on this level, it is actually not easy for us to greatly upgrade the grain output. Under the situation in which there will be many restricting factors that cannot be reversed in the future, including the reduction of land, the shortage of water resources, and the increase of population, as well as under the demand of increasing 10 billion jin of grains; it is difficult for us to fulfill the target

of increasing grain production if we fail to concentrate our efforts on developing science and technology and to make a breakthrough in breeding and popularizing new and fine strains, in improving the farming systems, in developing standardized management, and in upgrading the level of mechanization. Over the past few years, the province has experienced profound lessons from cotton production. In addition to the factors caused by the policies, the key to causing the decline of cotton output still lies in the formerly noted "Lu No.1 cotton seed," a new cotton strain that can bring along the entire situation of production, not being applied. Technologies adopted for planting high-yield cotton crops and for managing these crops have not been popularized. The problem of bollworm control has not been handled well, which has caused the low enthusiasm of peasants in planting cotton crops. Industrial enterprises are also in such a situation. The gap between the province and provinces in south China will become increasingly large if these enterprises do not do all they can to catch up and to do a lot in technological progress and if we fail to continuously accelerate the modernization of infrastructures and of tertiary industry. Leading comrades at all levels and in various industries and trades must face up the existing gap, discern the arduousness in future tasks, and further enhance their sense of emergency and responsibility in having science and education make the province prosperous. They should encourage the society as a whole to enhance their sense of enforcing scientific and technological strategy, of turning scientific and technological results into productive forces, of creating something new by relying on science and technology, of developing high science and technology, of training talented personnel, and of protecting intellectual property right. They should display extremely large determination, daring, and strength to realistically and successfully grasp the work of science, technology, and education so as to truly orient as soon as possible and in all directions the economic and social development in the province as a whole onto the track of relying on scientific and technological progress and of upgrading the quality of laborers.

## **2. Further Define the Guiding Ideology, Targets, and Tasks of Scientific and Technological Work**

By waging 15-year struggles from now on, we should basically realize the socialist modernization and turn Shandong from a large economic province into a strong economic one. To realize this historic leap-over, we must achieve new and larger developments in science and technology. By 2000, the province as a whole should initially establish scientific and technological systems suitable to the system of socialist market economy and to the law of self development of science and

technology; establish the operation mechanism in which science and technology have been organically integrated with the economy; and establish the systems of scientific and technological organizational structure with rational arrangements and of scientific and technological input with multiple channels. The level of scientific and technological progress in the society as a whole should be obviously upgraded. The rate of contributions made by science and technology to the economic growth should increase from 39 percent at present to 50 percent by 2000 as well as to more than 60 percent by 2010.

To realize the aforementioned objectives, party and government organs at all levels and all people across the province should take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line as guidance, comprehensively implement the "decision of the CPC Central Committee and the State Council on accelerating scientific and technological progress," act in accordance with the principle of "relying on science and technology while carrying out economic construction and making science and technology serve the economy" and the important idea of Comrade Jiang Zemin on "five combinations" and in the light of Shandong's reality, further uphold the principle of integrating the development of science and technology with that of the economy, and strive to closely combine science and technology with the economy; further uphold the principle of developing science and technology on a priority basis and realistically attain the goal of invigorating Shandong with science and education and giving priority to developing science education; further uphold the principle of creating new technologies with high starting points and accelerate the pace of upgrading the province's technology; further uphold the principle of advancing scientific and technological reform and developing science and technology in a coordinated manner and unceasingly instill new vigor and vitality into scientific and technological development; and further uphold the principle of pooling the efforts of the whole party and society to run scientific and technological undertakings and form a strong joint force to develop science and education and to invigorate Shandong with science and education.

To implement the strategy of invigorating Shandong with science and technology and to accelerate scientific and technological progress, we must grasp the key points and make breakthroughs in key areas. Centering on the "3321" project and the major and difficult points of the whole province's economic work, we should mobilize and organize the scientific and technical forces of all quarters to march toward such fields as agriculture, industry, communications, seas and oceans, social development, and high and new technology, and



make new breakthroughs unceasingly. At present and for some time to come, the whole province, from the higher to the lower levels, should concentrate manpower as well as material and financial resources on grasping the three key links in scientific and technological development, and fight "three tough battles" well.

1) We should attend to the conversion of scientific and technological achievements. This is the link and bridge for linking science and technology with the economy and the key aspect for promoting science and technology to change from a hidden productive force into a real productive force. Without this conversion or if we fail to do a good job in conversion, scientific and technological achievements are just pieces of "cake in a drawing," which is pleasant to the eyes but not agreeable to the palate. At present, only about 25 percent of our province's scientific and technological achievements are put to practical use and most of them are laid aside and neglected. In the future, we should make up our minds and exert strenuous efforts to grasp the conversion of scientific and technological achievements and realistically solve the problem of "separating science and technology with the economy." During the Ninth Five-Year Plan period, we should focus on guaranteeing sustained agricultural development, transforming traditional industries, and cultivating newly rising pillar industries; mainly aim at accelerating the conversion of scientific and technological achievements that greatly affect economic and social development, give priority to establishing, perfecting, and popularizing mechanisms and systems; and strive to greatly enhance the province's rate of converting scientific and technological achievements. In industrial production and development, we should place the emphasis on the development of new products and the popularization and application of new technologies that save energy, reduce consumption, have a high technological content, command a big percentage of the market, and have a highly competitive ability, concentrate energy on grasping the "double hundred items" on technological development and transformation, and rapidly form a batch of competitive and brand-name products that play a major impetus role in the province's economic development. In disseminating agricultural scientific and technological achievements, we should center on developing "high-yield, fine-quality and highly efficient" farming, cultivating and popularizing improved strains, and attending to regional and comprehensive development and strive to devote three to five years to cultivating 50 new varieties of agricultural products of fine quality that ensure high yield and can resist all kinds of plagues, to generally changing the major product varieties of the planting industry once, and to raising the coverage rate of improved strains to 95 percent.

It is imperative to continue to implement the "spark plan" and provide service to the cultivation of rural pillar industries as well as to the building of small cities and towns. In transportation, we should upgrade the scientific and technological level of the infrastructural facilities and the transportation means. In sea exploration, we should bring into full play our advantages in marine science and technology; attach importance to cultivating the four up-and-coming industries, which take the projects of sea-water breeding, marine chemistry, marine medicine, and seafood as the key points; and greatly increase the output of the up-and-coming industries. It is imperative to make great efforts to achieve success in the building of the system disseminating science and technology. It has been proven through practice that the transformation of scientific and technological results and scientific and technological progress are nothing but empty talk if we do not have a powerful disseminating system and industries, as well as the silent work of the tens of thousands of science and technology disseminating personnel. We should restore and strengthen science and technology disseminating organizations at all levels as soon as possible, we should especially make the grass-roots science and technology disseminating organizations stable, personnel abundant, and the means powerful, so they can work hard to form a disseminating network in which the upper and the lower levels are linked, and which is capable of quick reaction as well as sound service. We should establish a disseminating system that meets the demands of markets; bring into play the allocation function of the markets; promote the building of the technology markets; and make the technology trade prosper.

2) We should achieve success in management modernization. Management is science, is a productive force, is economic efficiency, and is the important part of scientific and technological progress. Since competition in markets is so acute, scientific management has become one of the decisive factors for the survival and development of enterprises. Viewing from the real situation of our province, some enterprises attached importance to and strengthened enterprise management, watched themselves, worked hard to promote management, and obtained quality and efficiency through good management. The quality of enterprises was thereby upgraded conspicuously, and the enterprises were also in an invincible position in competitive markets. However, there are still some comrades who have not yet understood the extreme importance and necessity of strengthening enterprise management, and they still "contract their work out instead of managing it," "implement transformation instead of strengthening management," and "mete out penalties instead of resorting to management." They even keep asking for launching new projects, funds,

and equipment rather than paying attention to internal management. Without changing this situation, it will be difficult for these enterprises to survive and to develop, and they will be eliminated in competitive markets. The provincial party committee and the provincial government decided that this year will be the "year to pursue management efficiency," and took strengthening management as the key point of provincial economic work. All the levels, all the departments, and all the trades and walks should firmly focus on upgrading the quality of economic operation, economic efficiency, and administrative efficiency; fight arduously; and lift management, especially enterprise management, to a new height. It is imperative to organically combine promoting modern management with enterprises' reform, reorganization, and transformation; employ scientific managerial thinking, method, and means to replace the old and backward management; establish as well as strictly implement all regulations and systems; tap the managerial potential of all the quarters; and optimize the allocation of the essential factors for production. We should make great efforts to develop the information industry, accelerate the building of the information network, make economic and social management information available, and promote automatic and intelligent economic and social management. Research on soft science should be strengthened; the information service trade should be developed; and policymaking should be scientific as well as democratic.

3) We should attend to the industrialization of high and new technology. Comrade Deng Xiaoping has pointed out that in carrying out scientific and technological work, it is better to have the highest and the latest technology. High and new technology is the commanding point of science and technology of the present age, the representative of the most advanced productive force, and the fundamental way for stimulating the upgrading of industrial setup and greatly raising the labor productivity as well as the quality and efficiency of economic performance. The development and application of high and new technology is still a weak link in our province. In 1993, the output value of the province's high and new-tech industries was 33.1 billion yuan and the absolute number ranked fourth in the whole country. However, judging from its proportion in the total industrial output value, its output value only accounted for 5.54 percent which was less than the national average figure by 2.38 percent, and ranked twelfth in the country. Party and government leaders at all levels must soberly understand this. It is necessary to act in line with the plans for the three fronts of running the high and new technology industrial development areas, applying high and new technology to transform traditional industries, and cultivating high and new-tech industrial growing points, base ourselves on the province's foundation and

advantages, place emphasis on the technological fields of electronics, integration of machinery and electricity, biology, information, new materials, and ocean development, proceed with developing high and new-tech products that have good commercial development prospects, start with developing high and new technological enterprises, and form some pillar industries in the high and new-technological sphere through the implementation of the "torch plan." We should rapidly establish a development mechanism suitable for high and new technological industries, enhance the ability of large and medium-size enterprises to absorb and develop high and new technological achievements, develop a number of high and new technological products, and raise the competitive ability of products in the markets and the ratio of products in the market. It is necessary to adopt effective measures to accelerate the construction and development of the high and new-tech industrial development areas. Through several years of painstaking efforts, more than 10 development zones at and above the provincial level in the province have attained an initial scale. But they still have many problems and difficulties. For example, the scientific and technological content of some entry items in the development areas is not high, some are small in scale and cannot be formed into an industry, the investment progress of some items is slow, and some items still follow the old management system. In the future, the high and new technology industrial areas should strengthen overall planning and arrangements, policy guidance, inspection, and supervision, grasp the construction and development trend, persist in attaining first-grade standards, introduce really high and new-tech items into the development areas, and form industries with their own technical advantages and distinctive features. The high and new technological development areas should actively explore and establish a new property right system, personnel system, social security system, and investment system, and realistically become bases for industrializing high and new technological achievements and demonstration areas where science and technology are combined with the economy.

### **3. Continue To Advance Reform of the Scientific and Technological System**

The fundamental way to implement the strategy of invigorating Shandong with science and education and to accelerate scientific and technological progress is to deepen the reform of the scientific and technological system and follow the new path of combining economy with science and education, industrial enterprises with scientific research institutes and institutions of higher learning, and science with industry and foreign trade in an effort to closely combine science and technology with economy. At the national scientific and techno-



logical conference, Comrade Jiang Zemin pointed out: "How to promote the combination of science and technology with economy is the fundamental issue that we must exert efforts to solve in the reform of China's economic system as well as the scientific and technological system." The province and all localities should act in line with the spirit of the central directives, continue to deepen reform of the scientific and technological system, and rapidly establish the new scientific and technological system and operational mechanism that fit the market economy and comply with the law of self-development of science and technology. At present, we should exert efforts to grasp the two key aspects of readjusting the structure of scientific and technological enterprises and establishing and perfecting the mechanism of technological progress of enterprises, resolve the prominent issues of letting science and technology get involved in the economy and the economy to absorb and accept science and technology, promote a closer and more effective combination of science and technology with economy, and expedite the progress of integrating science and technology with economy.

We should further deepen the reform of scientific research institutes. Shandong has done a great amount of work in this aspect over the past few years, and scientific research units have effected profound changes in their operating mechanisms, organizational structure, and personnel management systems and have notably enhanced their capacity for accumulating funds and development as well as for gearing their work to and serving the economy. Following the principle of concentrating on scientific and technological research and at the same time encouraging the commercialization of research results, all localities and all departments, while maintaining a compact and efficient scientific research contingent, have prioritized commercialization of research results when conducting reform, and guided and urged scientific and technical personnel to enter enterprises, markets, and the economy through various measures and forms. They have probed some new ways to integrate scientific research with production and provided successful experiences for continued in-depth reform of scientific research institutes. In summary, there are five measures. 1) Self-transformation. Scientific research units have abandoned the past practice of writing theses and presenting research results alone and embarked on the road of coordinated development of "scientific research, development, production, and business." One-third of the personnel of the scientific research institutes affiliated to the province have been engaged in developing economic entities and providing service. Take Qingdao Oceanology University, for example. To give better play to its technological advantage and put its scientific and technological re-

sults to industrial use as soon as possible, it has invested more than 30 million yuan to establish a marine medicine production enterprise to develop many new marine medicines. In three months alone after the enterprise went into operation, it earned 13 million yuan from sales. 2) Absorbing enterprises. Through merger, leasing, and control of shares, enterprises are put under the unified management of scientific research units to become bases for experimentation and production and growth nodes of new industries, thus facilitating the further coordination between scientific research and production. 3) Cooperation between scientific research units and enterprises. With assets, technology, and personnel as the channels, new mechanisms featuring equal share of interests and risks, mutual promotion, and common development are established by means of turning technology into shares, technology transfer, cooperation in development, research on a commission basis, and establishment of research and development centers in a cooperative manner, business entities for integrated management of technology, industry, and foreign trade, and shareholding enterprises. At present, 40 percent of enterprises' technological development projects are undertaken cooperatively by scientific research units and the enterprises, 40 percent of the research projects of scientific research units are entrusted by enterprises, 20 percent of our scientific research units have established close cooperative relations with enterprises. 4) Entrance into enterprises. Scientific research units whose specialties match enterprises' needs have entered large and medium-sized enterprises or enterprise groups to become technological research and development institutes of the enterprises. Take Shandong Electronic Institute, which has entered the Langchao Group Company. With research and development funds doubling and redoubling, the institute has greatly strengthened its means of research and played an important role in helping the Langchao Group rank among the star enterprises of the same trade in the country. 5) Change of all the mechanisms. Some scientific research units where conditions permit have further changed their operating mechanism, adjusted their internal organizational structure, standardized their technological and economic behavior, turned themselves entirely into scientific and technological enterprises, high- and new-tech enterprises, or enterprise groups, and entered the market in the capacity of legal entities to participate in competition. Others have built themselves into industrial research centers, technological development centers, or productive force promotion centers serving small and medium-sized enterprises, thus performing two functions. Regarding the measures mentioned above, some have come fairly mature, while others have yet to be further improved. We should conscientiously summarize these successful experiences

and disseminate them in a timely manner. Meanwhile, we should further emancipate the mind; conduct exploration bravely; use the market, plans, and administrative and economic means to truly stabilize what should be stabilized and lift control on whatever should be de-controlled; establish in a timely manner a modern and scientific system for the management of scientific research institutes; and turn scientific research institutes into legal entities that enjoy full autonomy and practice scientific management so that scientific research institutes' initiative and enthusiasm for serving economic construction and promoting the commercialization and industrialization of scientific and technological results can be fully stimulated and so that scientific research units will be encouraged to cooperate with enterprises, establishments, and rural areas through various measures to blaze a new trail of reform compatible with Shandong's specific conditions.

It is necessary to establish an operational mechanism for the technological progress of enterprises that fits the development of the socialist market economy. The present slow combination of science and technology with economy and the difficulties in converting scientific and technological achievements are caused to a great extent by the lack of vitality of economic cells. The situation in which enterprises lack motivation in scientific and technological progress must be rapidly changed through enterprise reforms. Premier Li Peng stressed in a report the important role of enterprises in scientific and technological progress and urged enterprises to gradually become the main bodies of technological development. Therefore, from now on, our province and all cities and counties should regard scientific management and scientific and technological progress as the important aspect of enterprise reforms, grasp it firmly, and rely on deepening reform to make enterprises gradually become "main bodies in three aspects."

A. The main body of technological development. Under the new situation in which market competition is becoming more acute, developing and producing brand-name and quality products that have a ready market and can meet the needs of the market have become the preconditions for the existence and development of enterprises. Objectively, this requires enterprises to become the main bodies of technological development. Some economically developed countries have followed this path. Some enterprises in our province have conducted positive explorations in this aspect and achieved noticeable results. In the future, we should exert strenuous efforts to promote enterprise technological development, increase input in science and technology, reshape and strengthen the plant-run scientific research forces, and strive to enhance the ability of enterprises to

conduct technological research and to develop through their own efforts. The leading and key enterprises in all trades and professions should organize and establish their own contingents for technological development, improve the facilities for technological development, and establish new systems for the technological development of enterprises; all large and medium-sized industrial enterprises should strengthen technological development work, and those with favorable conditions should establish and improve the technology development centers. Governments and departments at all levels should actively encourage and support large enterprises with good conditions, establish a powerful technological development system, and enable them to become "giant enterprises" with a large scale, advanced technology, and competitive ability at home and abroad.

B. The main body for converting scientific and technological achievements. Most of the scientific and technological achievements can only be formed into products and industries, and can march toward the market through enterprises. Therefore, enterprises also constitute the main bodies for converting scientific and technological achievements. Through deepening reform, we should further improve the enterprise mechanism of converting scientific and technological achievements, enhance the sense of conversion, create conditions for conversion, and accelerate the conversion of scientific research achievements into practical productive forces. About 60 percent of large and medium-sized enterprises in the province have certain conditions for conducting intermediate experiments. However, owing to the insufficient input and ineffective management, many of them cannot play a due role. All levels should study and formulate preferential policies, increase input, strengthen management, encourage and support enterprises to successfully carry out intermediate experiments, and create conditions and open up passageways for smoothly converting scientific and technological achievements. We should pay attention to the work of disseminating technology to enterprises. Regarding matured new products, new technologies, and new methods, we should promptly popularize and use them through various forms and channels.

C. The main body for creating new technology. Introducing foreign advanced technology is one of the shortcuts for promoting economic development. Only by creating new technologies can we change our old ones, fundamentally enhance the technical level of our province's industrial enterprises, and strengthen the ability to develop ourselves through our own efforts. Comrade Jiang Zemin once said: "Creating new technology is the soul of national progress and the inexhaustible driving force for invigorating and making the country prosper." "It is necessary to consider establishing and perfecting the



enterprise system of creating new technologies as the important aspect of establishing the modern enterprise system." We should correctly handle the relationship between introducing technology and independently creating new technologies, combine the work of introducing technology with that of independently creating new technologies and converting achievements, and realistically attain the goal that when one new technology is introduced or created, it will bring along a batch of enterprises and create scale merit.

International scientific and technological cooperation and exchanges should be further expanded, and an open scientific research and development system should be established and improved. In opening scientific and technological field to the outside world, we should aim at promoting scientific and technological advance in all economic and social fields; prioritize cooperation and research in high and new technology, joint-investment development, and integration of technology and foreign trade; and carry out international bilateral or multilateral scientific and technological cooperation and exchanges, governmental or nongovernmental, in all directions and at all levels. Great efforts should be made to develop the system whereby science and technology are used to earn foreign exchange; continue to promote the integration of technology and foreign trade; expand the foreign trade autonomy of scientific research institutes and scientific and technological enterprises; and increase the proportion of the exports of high- and new-tech products.

#### **4. Strive To Nurture and Train a Large Number of Outstanding Scientific and Technical Personnel**

In implementing the strategy of developing Shandong with science, technology, and education and in expediting scientific and technological advance, a very important thing is to nurture and train a large number of outstanding scientific and technical personnel and comprehensively upgrade the quality of the masses of workers. Judging from Shandong's situation, the small number of specialized technical personnel is a rather conspicuous problem, and the proportion of our scientific and technical personnel in our total population is much lower than the national average. In particular, the number of high-level top-notch personnel is still smaller. Throughout the province, we have merely six academicians of the Chinese Academy of Sciences, fewer than Nanjing University. This requires that we regard the training of a large number of scientific and technical personnel as a strategic priority of the entire economic as well as scientific and technological work, and continuously add impetus to the training and import of scientific and technical personnel.

Education is the foundation for personnel training. Higher education is the key link of training specialized technical personnel, especially middle- and high-level specialized technical personnel. While making elementary education universal, we should also exert great efforts to develop higher education. We should embrace the idea of brand names, establish several brand-name universities that are fairly famous in the country, make Shandong's high-level specialists and professors better known in the country, and strive to enable more specialists and professors of Shandong to become academicians of the Chinese Academy of Sciences and Chinese Academy of Engineering. Constituting the major front for personnel training, Shandong's 50-odd institutes of higher learning should fully develop their role. All institutes of higher learning should prioritize the training of cross-century scientific and technical personnel; realistically carry out their internal reform and improve their teaching quality; continuously adjust their specialties and curricula based on the needs of scientific and technological development, social and cultural progress, and the market economy; open and increase the specialties and subjects conforming to the needs of economic construction and social development; strive to increase the proportion of modern science and technology in the curricula; and increase the curricula that emphasize creativity and practice to enhance people's ability for practical work; so that institutes of higher learning will truly become the cradles to nurture scientific and technical personnel. Scientific research institutes should attach equal importance to personnel training and to research and development, and should make active efforts to create a good environment and conditions to nurture and train a large number of young and middle-aged top-notch personnel in all branches of learning.

Continued education is an important means to upgrade the quality of scientific and technical personnel and raise the technological level. Shandong produces approximately 1 million junior and senior high school graduates every year, and more than a half of them are unable to continue education at schools at higher levels. For this reason, great development of vocational, technical, and adult education has become a pressing task. All localities should pay attention to building well all the bases for vocational and adult education, and should continuously expand the scale of elementary, middle, and higher vocational and technical education, so that all workers at different levels will have the opportunity to receive education or to continue education. We should extensively establish the system of "pre-employment training" and strive to enable all new workers to receive certain vocational and technical education or training before employment.

We should steadily develop higher vocational and technical education and pay attention to training various types of talents specializing in high technology and science and in modern management and operation. We should fully utilize the forms of television university, night university, and examination for the self-taught to expand the sphere of education. We should create conditions for scientific and technological personnel in funds and time and provide all the in-service scientific and technological personnel with the opportunity of restudy to renew their knowledge structure, improve their work skills, and strengthen their invention and creation potentials. We should pay attention to training engineers among the technical workers and technicians in the forefront of production, encourage technical workers to study techniques and conduct renovation, and increase remunerations to technical workers. We should strengthen the training on the knowledge of modern sciences and technology, the knowledge of management and operation, and the theory of market economy among existing young and middle-aged factory directors and managers. We should build up a contingent of high-level managerial talents and trans-century scientific and technological entrepreneurs who are scientifically and technologically minded, who are good at management and operation, and who are able to lead enterprises to participate in market competition. We should pay attention to choosing, promoting, and training scientific and technological talents and various kinds of specialized technicians from among workers, peasants, and other kinds of laborers. We should continue to carry out the "double certificate" system and the "green certificate" system in an effort to continuously improve the technical expertise of numerous laborers of plants and rural areas.

Now, there are 2.4 million scientific and technical personnel in the province who are the main force to carry out the strategy on invigorating Shandong through science and technology. Thus, we must pay attention to bringing their role into full play. At the same time, we should pay attention to doing well the work on bringing in professional talents. Since the commencement of reform and opening up, the province has formulated a series of preferential policies and adopted major actions several times in the field of bringing in professional talents, thus attracting a large number of domestic and overseas talents of insight to work in Shandong. The provincial authorities and all localities in the province should conscientiously summarize the good experiences and methods in this aspect and further attend to the work in all links concerning the import of professional talents, particularly concerning the implementation of preferential policies after professional talents are brought in. We should pay attention to doing well the work on send-

ing professional talents abroad for training. We should actively create conditions for young and middle-aged scientific and technological personnel to conduct international cooperation and research, to go abroad for advanced studies and short-term training and visit, and to participate in international academic exchanges. We should also encourage such personnel to take others' strong points in the forward position of the world science in an effort to raise their technological expertise and their research and development abilities.

We should adopt effective measures to protect and exploit the initiative and creativity of numerous scientific and technological personnel. Party committees and governments at all levels should further formulate and perfect the reward policies for scientific and technological personnel in line with the actual conditions of various localities. In making financial budgets, we should arrange sufficient science and education reward funds in order to give handsome rewards to the scientific and technological personnel who have scored major scientific and technological achievements and created obvious economic and social efficiency. By doing so, we can produce extensive social influence. We should strengthen the management of scientific and technological talents, bring in the mechanism of market competition, positively popularize the system on regular evaluation of professional technical personnel and on management of trends concerning such personnel. We should not stick to one pattern in choosing and promoting professional talents so that we can make the best possible use of professional talents, can truly let the excellent talents who are proficient in professional work and upright in work style assume important posts, and can give rise to a competitive situation in which the superior personnel are promoted and the others demoted. We should pay attention to strengthening the education and guidance to scientific and technological personnel and organize them to conscientiously study Comrade Deng Xiaoping's theory of building the socialism with Chinese characteristics and the party's line, principles, and policies. We should strengthen the education on ideals, belief, and morality among scientific and technological personnel so that they can firmly embrace a correct outlook on life and value, can consciously merge their ideals and undertakings to the great cause of the socialist modernization of the motherland, can carry on and carry forward the patriotic spirit, the spirit of seeking truth and making innovations, the spirit of hardworking and dedication, and the spirit of unity and coordination, and can make contributions to the country and bring benefit to the people with their knowledge and outstanding scientific and technological achievements.



### 5. Try All Possible Means To Increase Input in Science and Technology

Over the past few years, Shandong Province has paid greater attention to input in science and technology and increased funds for scientific and technological work every year. This year the province's budget arranged for the three kinds of scientific and technological funds, working funds, and special funds is 250 million yuan, accounting for 2 percent of the financial revenue of the previous year, or an increase of 100 percent over 1988. Loans for scientific and technological undertakings have also started from nil and the credit scale reached 2.5 billion yuan. However, judging from the overall situation, the increase in the province's scientific and technological input is still fairly small; the proportion of scientific and technological funds allocated by the local financial department only accounted for 1.68 percent of the provincial financial revenue in 1993, which was lower than the national average by 0.3 percentage points, ranking 17th in the country. Particularly, some localities and departments have failed to put the scientific and technological funds in place. Some counties did not get any funds for technological research and development last year. This phenomenon is very abnormal. The insufficient input of funds for scientific and technological undertakings is caused by the impeded implementation of systems, the impeded channels, the shortage of funds, and most importantly, the lack of attention. If we fail to pay attention to this work ideologically, we will not spend any funds on it even when we have money. The economic development level of some counties and cities was not high, but the members of their leading bodies were wise and far-sighted and were willing to spend money in scientific and technological work, thus they succeeded in enhancing the momentum for economic development. If we are unwilling to spend money on science and technology because of poverty, a vicious cycle in the development of science, technology, and economy will be created. Scientific and technological input will bring big profits. All levels and departments across the province should firmly cultivate the ideology that scientific and technological input is a strategic input as well as an input that yields high efficiency, and should regard the increase in scientific and technological input as one of the important aspects of the implementation of the strategy on invigorating Shandong through science and education.

Regarding the issue of scientific and technological input, the central authorities have clearly proposed that by 2000 the research and development funds of the whole society should account for 1.5 percent of the GDP. In line with the central demand, in the implementation ideas, we have proposed efforts be made to make this

figure reach more than 1.5 percent. This is speaking in terms of the whole province. Localities where the economy is fairly developed should strive their utmost to attain or surpass this target ahead of schedule. Some localities, if conditions permit, should strive to make this figure reach 2 percent. This task is very arduous. Based on the estimate made by relevant departments, if we make the proportion reach 1.5 percent by 2000, the province's research and development funds of the whole society will be 11.5 billion yuan, which means that we have to maintain the annual increase in scientific and technological input at 37.5 percent. To realize this target, we must pool the efforts of all departments and mobilize the enthusiasm of all aspects. In addition to making all levels of financial units increase input, we should mainly adjust the investment structure, encourage and induce the whole society to increase input through various channels and layers, gradually establish various investment systems, such as financial allocation, banking loans, funds raised by enterprises, and collection of social idle funds, and the mechanism of scientific and technological input that fits the socialist market economic system. Particularly, we should use all sorts of economic levers and policy means, encourage and induce enterprises, especially large and medium-sized enterprises, and enterprise groups to increase investment in scientific and technological development, do a good job in implementing the "two rules," create favorable conditions for enterprises to conduct technological development, raise the proportion of technological development funds of enterprises in their sales income, gradually establish the main-investor status of enterprises in technological development, and unceasingly raise the proportion of investment of enterprises' technological development and technological transformation in the social investment in fixed assets.

Monetary organizations at all levels should actively provide credit support to the commercialization and industrialization of scientific and technological achievements. All types of policy loans should be tilted favorably toward science and technology. Development of risk investment in science and technology should be expedited, and a science and technology risk investment mechanism should be established. Overseas capital should be drawn in through various measures to develop science and technology, and ways to increase the input into science and technology, such as employment of the shareholding system or bonds, should be actively probed. What I would like to particularly point out is that not only should we unswervingly implement the past policies that have proven effective, but also we should further emancipate our minds, bravely conduct exploration, and study as many specific measures as possible to support science and technology on the premise

that the state's macro policy decisions are not violated. We should conscientiously strengthen the management and use of scientific and technological funds, and pool the limited funds to develop some important projects, never using them at random without considering the efficiency.

#### **6. Conscientiously Strengthen Leadership Over Scientific and Technological Work**

Leadership is the key to whether scientific and technological work can be developed faster. Leaders who know, attach importance to, and give full play to the role of science, technology, and education are wise leaders who have foresight and sagacity. Party committees and governments at all levels should fully estimate the extreme importance of science and technology, strive to master the law governing scientific and technological development, raise their leadership level, and conscientiously strengthen leadership and guidance to scientific and technological work.

All levels and all departments should consider it an important task to develop science and technology and list it high on their agenda. Top party and government leaders should pay attention to the primary productive forces and place them above everything else. The key to this work is the attention given to leadership, plans, policies, input, implementation, and inspection. Leading bodies of the province as well as various cities and prefectures should conduct special study on scientific and technological work and educational work at least twice a year to coordinate and resolve the major issues concerning scientific, technological, and educational development. The system of responsibility for fulfillment of the targets of scientific and technological advance should be established and improved, and tasks should be carried out one by one. Summarization, inspection, and assessment should be conducted every year.

Scientific and technological work is comprehensive work, a common undertaking of the entire party and entire society involving all fields and all levels. It cannot be developed by merely relying on one department. We must coordinate the forces from all quarters, stimulate the enthusiasm of the entire society, and encourage everyone to attach importance to, show concern for, support, and participate in it. We should further adjust and improve the science and technology leading groups at all levels; replenish their forces and perfect their systems for work; enhance their ability to study, coordinate, and resolve the major issues concerning scientific and technological development; and give full play to their functions of organization, leadership, coordination, and service. Departments in charge of science and technology as well as science and technology associations at

all levels should further emancipate their mind and carry out work bravely in order to serve as good advisers and offer good suggestions for party committees and governments at all levels to achieve scientific and technological advance. All departments should first make a success of the scientific and technological work of their own trades. In addition, they should actively and enthusiastically show concern for and support the scientific and technological work of the entire society; be eager to meet its needs; and do more to coordinate, serve, and help instead of passing the buck, setting up obstacles, and creating trouble; so that a situation can be truly created in which the entire party and entire society coordinate to develop science and technology.

Social sciences are also a branch of science. We should attach equal importance to social and natural sciences and conscientiously achieve success in them. It is imperative to strengthen propaganda and guidance, further upgrade the scientific and technological awareness of the whole society, popularize scientific and technological knowledge, and work hard to form a good atmosphere in which all the people attach importance to scientific and technological work, respect the qualified personnel on science and technology, apply science and technology, and develop science and technology.

The work of science and technology has its own rule of development. To obtain the initiative in leadership, we should improve our study and investigation. At the national science and technology conference, Comrade Jiang Zemin emphasized again that leaders at all levels should study modern science and technology, continue to update and enrich knowledge, and continue to broaden their visions. It is imperative for our leading comrades here to get a profound understanding of this and earnestly put it into practice. Currently, science and technology have witnessed rapid development, and progress is made with each passing day. Being leading comrades, we should keep pace with the times, master in a down-to-earth manner and understand the basic rules and main trend of the scientific and technological development, and pay close attention to the important scientific and technological results that will influence economic and social development. Only by doing so can we effectively achieve success in macroeconomic guidance. In recent years, in our province there emerged many good typical examples in employing scientific and technological progress to promote economic development. The leading comrades at all levels should go deep down into the real situation, sum up as well as disseminate the experiences promptly, use the experiences of selected units to promote work in the entire area, and guide the overall situation.



For the work of science and technology, the party Central Committee and the State Council have made the "resolution," the province has stipulated opinions on its implementation, and the whole country and our province have also held meetings on it. We may say that the general principle, targets, policies, and measures are all clearly defined. The next step should mainly focus on working in a down-to-earth manner and achieving success in implementation. At present, there are many problems as well as difficulties affecting and restricting the development of science and technology. All the levels should get a clear understanding of this situation, sort out the problems and difficulties, find out the crux, and resolve them one by one. We should perceive that implementing the relevant policies of the party Central Committee and the province remains difficult. The party and government leaders at all levels, especially the top leaders, should resolve to pay attention to implantation. It is imperative to further replenish and strengthen the scientific research institutes at all levels, and better the work as well as the living conditions of scientific and technological personnel. We should conscientiously implement the "law on scientific and technological progress," continue to achieve success in the protection of the intellectual property rights, and create good social conditions for the development of science and technology.

Comrades: The development of Shandong's science and education and the acceleration of scientific and technological progress are the glorious missions that history imposes on our generation. The provincial party committee and the provincial government call on the party organizations and governments at all levels and the people of the whole province, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and under the correct leadership of the party Central Committee with Jiang Zemin as the core, unite together, uplift our spirit, struggle arduously, work in a down-to-earth manner, and continue to achieve greater success in the endeavor of developing Shandong with science and education.

#### **Shanghai Land Leasing Business Termed 'Brisk'**

OW1008100095 Beijing XINHUA in English  
0934 GMT 10 Aug 95

[FBIS Transcribed Text] Shanghai, August 10 (XINHUA) — Shanghai's land leasing activity this year continues to be brisk, mainly in industrial and residential construction, instead of luxury hotels and villas which were popular before.

In the first half of the year, Shanghai leased a total of 3.39 million sq m of land, with industrial and residential use accounting for 93 percent of the total figure.

No land was leased for building luxury hotels and commercial buildings during the same period. The fast-growing construction of luxury villas has slowed down a great deal, to the point of only 10,000 sq m of land being leased for that purpose.

By leasing land, Shanghai, China's largest metropolis, expects to build 1.68 million sq m of factory buildings and 170,000 sq m of housing this year.

A large amount of money, amounting to 270 million US dollars and 940 million yuan, has been earned through land deals since the beginning of this year, according to municipal officials.

They say that of the 108 parcels of land leased this year, a large number are for reconstruction of old city property or old and dilapidated housing.

#### **Shanghai Industrial Output Value Increases**

OW0908144795 Beijing XINHUA in English  
1438 GMT 9 Aug 95

[FBIS Transcribed Text] Shanghai, August 9 (XINHUA) — Shanghai, China's largest industrial metropolis, realized a total industrial output value of 290.029 billion yuan (about 34.52 billion US dollars) in the first seven months of this year, up 17.3 percent over the same 1994 period, marking a quick yet stable growth.

According to the latest statistics released today by the Shanghai Municipal Government, this figure is also higher than the expected 13.5 percent growth.

This year, the enterprises here have placed great attention on organizing market-oriented production, and the ratio between production and sales reached 97.23 percent.

The enterprises have also striven to improve the composition of industrial exports and have supplied export goods worth 42.86 billion yuan (about 5.1 billion dollars), up 50 percent over the same period of last year.

The city has also made progress in withdrawing currency and in controlling chain debts among industrial enterprises.

However, experts said economic efficiency is still not ideal, as the comprehensive index for the local industrial efficiency dropped 11.49 percent over the same 1994 period.

An earlier report said China achieved a total industrial output value of 146.2 billion yuan (about 17.4 billion dollars) in July, up 13.6 percent over the same month of last year.

China realized a total industrial output value of 999.4 billion yuan (about 118.97 billion dollars) in the

January-July period, up 13.9 percent over the same period of last year.

### Central-South Region

#### Guangdong Governor on Shantou Inspection Tour

HK1008081695 *Guangzhou Guangdong People's Radio Network in Mandarin* 1000 GMT 27 Jul 95

[By staff reporter Fang Shizhong]

[FBIS Translated Text] While inspecting industrial enterprises in Shantou, Zhu Senlin, provincial party committee deputy secretary, and concurrently governor stressed the need to do a good job in reappraising stocks and assets of state-owned industrial enterprises, and track all problems that come up through to the end, and by no means should they be tolerated and neglected. Zhu Senlin was on a two-day inspection tour of Shantou beginning on 23 July and in the wake of participating in a meeting to confer an honorary title on (Yao Shijie). During the two days, Zhu Senlin visited 10 enterprises, one after another, and was briefed by Shantou Mayor Zhou Rifang. Zhu Senlin said, the situation in Shantou has been good since the beginning of this year. He encouraged Shantou to continue doing a good job. Zhu Senlin also discussed with Shantou leading members issues such as tax return policy, land utilization, and arrangements for the work force.

#### Hubei Official on Efforts To Stop Corruption

SK1008043595 *Wuhan Hubei People's Radio Network in Mandarin* 1000 GMT 9 Aug 95

[FBIS Translated Text] The provincial party committee has resolutely supported the discipline inspection, supervisory, auditing, and procuratorial organs to investigate and handle the major and appalling cases surfacing in the struggle against corruption. These organs should resolutely wage a struggle against those who bravely drape themselves in the flag to impress people and adopt a stubbornly resistant attitude. If you fail in the struggle, the provincial party committee will go to the front. I do not believe that justice cannot stop unhealthy trends. This was a paragraph of a speech made by Yang Yongliang, deputy secretary of the provincial party committee, with a resolute attitude at the recent provincial forum of city and autonomous prefectural procuratorial organ chief procurators.

In his speech, Yang Yongliang pointed out: We should approach from the strategically high plane of opposing the peaceful evolution to understand the struggle against corruption. In the localities and departments where corrupt elements are in power, the party's line, principles, and policies cannot be carried out; the na-

ture of power will be changed; and the image of the party will seriously be (?damaged). Investigating and handling major and appalling cases and attacking serious economic criminals is not only an economic matter but also a political one. Leadership should be separated from corrupt elements. In Hubei Province, a department deputy director was sentenced to death, a vice governor was dismissed from his post, and there are also some other corrupt elements. The people really feel (?astonished), indignant, and anxious when some major and appalling cases throughout the country are connected in their minds. We should be sober-minded and adopt realistic measures to resolutely get rid of the corrupt elements so as to [words indistinct].

In the struggle against corruption and in the course of investigating and handling major cases of corruption, Yang Yongliang urged that the procuratorial organs should play their functional roles into play. The chief procurators at various levels should further straighten their backs; be more daring; ensure that no forbidden zone exists in investigating and handling major and appalling cases; thoroughly conduct investigations no matter who or what unit it involves; and continue to check the cases that take place among the party and government leading organs, administrative and law enforcement organs, judicial organs, and [words indistinct] departments. Particularly, we should go deep to the key trades and [words indistinct] to investigate and handle the major criminal cases involving the leading cadres; conscientiously investigate and handle the criminal cases involving the leading cadres of the state-owned enterprises and establishments, county-level organs, and town and township stations; continue to mobilize the masses to boldly report corrupt elements; and carry out the work of [words indistinct] according to the mass line.

#### Hubei Officials Comment at Management Conference

SK1008072195 *Wuhan Hubei People's Radio Network in Mandarin* 1000 GMT 9 Aug 95

[FBIS Translated Text] The provincial enterprise management work conference ended in Xiangfan on 5 August.

Chen Qingtai, vice minister of the State Economic and Trade Commission, and Meng Qingping, vice governor of the provincial government, made speeches at the conference.

In his speech, Chen Qingtai pointed out: Now, we have entered the stage of tackling key problems in the enterprise reform. Setting up the modern enterprise system; organically coordinating the publicly owned



enterprises, particularly the state-owned enterprises, with the market economy; fully displaying the potential for the public ownership; and upgrading quality and efficiency of the state sector of the economy is the key economic reform tasks in 1995 and in the Ninth Five-Year Plan period.

In regard to the enterprise reform situation and the ideas for improving state-owned enterprises, Chen Qingtai said: We should fix our eyes on the state sector of the economy to accelerate the structural readjustment; to pay equal attention to reorganization, reform, and transformation; and to enhance the enterprises' vitality and retain strength. In carrying out the reform, we should combine the reform work done by the selected areas on a trial basis with the overall reform and attach importance to the trial reform. The enterprise reform and the other auxiliary reforms should be carried out at the same pace. It is imperative to achieve the work concerning the amalgamation and bankruptcy, to change the managerial mechanism, to strengthen the enterprise management, to promote the development of large companies and large enterprises, to strengthen the setup of leading enterprise bodies, and to cultivate the entrepreneur contingents.

Chen Qingtai fully affirmed Hubei's practice of exerting efforts to grasp enterprise management.

He maintained: On the one hand, enterprises should strengthen management. On the other hand, they should ceaselessly improve management. Enterprises should be good at bringing into play their own advantages and making full use of the state policies and various management means allowed by the market economy in an effort to upgrade their management ability.

Vice Governor Meng Qingping stressed in his speech: Enterprises should exert great efforts to strengthen management and to increasingly produce more readily marketable products according to the market demands, strive to upgrade the market occupation rates, expand the dynamics of financial management, enliven the use of existing funds, accelerate the turnover of capital, seek efficiency from management, stop the losses due to wasteful expenditures, do a good job in saving energy resources and reducing consumption, strengthen the management of quality and laborers, and ensure the safety in production. In short, with good leading bodies, achievements in changing the mechanism and the setup of the systems, and good management, the enterprises will certainly be able to upgrade their economic operation quality and efficiency.

### **Hunan Official Attends Literary Work Meeting**

*HK1008080095 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 25 Jul 95*

[FBIS Translated Text] National Literary Creation Work Meeting, which was convened by the Central Propaganda Department and the Chinese Writers' Association, opened in Changshan yesterday (25 July). A total of more than 100 persons attended the meeting, including the responsible persons of propaganda departments under CPC Committees from various provinces, municipalities, and autonomous regions and the main responsible persons of the Chinese Writers' Association.

Yesterday morning, Wang Maolin, secretary of the Hunan Provincial CPC Committee, Chu Bo, provincial party deputy secretary, and Wen Xuande and (Qin Guangrong), members of the provincial CPC Committee Standing Committee, and others were also present at the meeting. In his speech delivered at the meeting, Comrade Wang Maolin said: We must pay sufficient attention to literature and art, which is an important part in the building of spiritual civilization. This meeting has provided our province with a good opportunity for learning. It will boost our confidence in restoring our prestige of as a strong province in literature and art, and use our positive contributions to bring about a prosperous undertaking in literature and art in Hunan.

Wen Xuande, member of the Hunan Provincial CPC Committee Standing Committee and director of the provincial Propaganda Department, also spoke at the meeting. Zhai Taifeng, deputy head of the Central Propaganda Department and secretary of the Party Group of the Chinese Writers' Association, delivered a report entitled "Meeting the Demand of Bringing About a Prosperous Situation for Literary Creation." The meeting, which will last four days, is to announce the establishment of the first group of literary creation centers in the country.

### **Northeast Region**

#### **Heilongjiang Official Notes Economic Progress**

*SK1008083195 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 9 Aug 95*

[FBIS Translated Text] The 14th Standing Committee meeting of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC] was held on 9 August. Ma Guoliang, deputy secretary of the provincial party committee and vice governor of the provincial government, presented a report to the members on the economic situation in the first half of the year as well as on the work arrangement of the provincial government for the next stage.

He stated: In the first half of this year, the gross domestic product (GDP) of our province increased 8.9 percent over the corresponding period last year, and the increase rate ranked the province 17 in the entire country. This showed that a faster economic development trend began to emerge in our province. However, there still exist some contradictions and difficulties in our economic operation. Prominent indicators are as follows: The efficiency of state-owned industrial enterprises is not high, and their losses remain high. Some problems affecting the development of agricultural production still exist. Inflation is still too high. The financial situation is considerably strained.

In comprehensively analyzing the advantageous and disadvantageous factors of our economic development in the next half of the year, he held: The GDP of our province in the next half of the year will continue to increase. The annual GDP is expected to increase more than 9 percent over last year.

The meeting also heard the explanations of the issues concerning personnel affairs.

Attending the meeting were Zhou Wenhua, chairman of the provincial CPPCC committee; Huang Feng, Dai Moan, Fu Shiying, Guo Shouchang, Tan Fangzhi, Chen Wenzhi, Zhao Shijie, Chen Zhanyuan, Wanhitian, and Wu Dinghe, vice chairmen of the provincial CPPCC committee; and Zhang Huanchen, secretary general of the provincial CPPCC committee.

#### **Firms, Traders Introduced to Development Zone**

*SK1008085795 Harbin Heilongjiang People's Radio  
Network in Mandarin 1000 GMT 9 Aug 95*

[FBIS Translated Text] The Harbin Economic and Technological Development Zone held a news briefing on the morning of 9 August.

The news briefing introduced to more than 300 firms with investment in the development zone the Harbin Economic and Technological Development Zone's construction and development situation as well as several regulations of Harbin, approved recently by the Harbin government, on encouraging foreign firms to invest in the economic and technological development zone and Harbin's regulations on encouraging the establishment of domestically cooperative enterprises in the economic and technological zone.

According to these regulations, traders enjoy preferences to invest and run plants in the economic and technological development zone. Foreign firms engaged in the building of infrastructural facilities, scientific and technological exploration, and the construction of transportation and communication projects and projects with more than 10 million yuan in investment each should be returned with 100 percent of their income taxes in the first year they make a profit. From the fourth year, they will be returned with 50 percent of their income taxes. Enterprises in the development zone do not have to pay [words indistinct] for water and electricity. Those domestically cooperative enterprises are exempt from real estate taxes and land utilization taxes within the stipulated time.



**ARATS Condemns Killing of Mainland Fisherman****Letter Sent To SEF**

*OW0908161395 Beijing XINHUA in English  
1608 GMT 9 Aug 95*

[FBIS Transcribed Text] Beijing, August 9 (XINHUA) — The Beijing-based Association for Relations across the Taiwan Straits (ARATS) condemned Taiwan soldiers for killing another mainland fisherman August 6, in a message to the Taipei [Taipei]-based Straits Exchange Foundation (SEF) here today.

One of the four fishermen from Lianjiang County of east China's Fujian Province was shot dead by soldiers of the Taiwan authorities stationed on the Xiyin Island when the fishermen were looking for fishing tackle near the island that day. The Taiwan soldiers continued shooting as the fishermen were sailing to the Xiyin Island to rescue the wounded.

Captain Chen Yingtong, 28, was wounded twice in the left side of his chest, and died on the way of returning because his boat could not pull in to the shore due to the block of the Taiwan soldiers.

ARATS expressed its strong indignation about the brutal behavior and inhumane actions of the Taiwan soldiers.

ARATS said in the letter that there has been no reaction from the relevant departments of Taiwan since ARATS raised the question of shooting and killing coastal fishermen of the mainland to SEF several times this year.

ARATS said that Taiwan authorities must undertake the unshirkable duty and stop the criminal behaviors of killing innocent fishermen of the mainland and poisoning the atmosphere of the two sides of the Taiwan Straits.

ARATS demanded the Taiwan authorities punish the killers and compensate the family members of the victims.

**More on Letter**

*OW1008013195 Beijing XINHUA Domestic Service  
in Chinese 0752 GMT 9 Aug 95*

[FBIS Translated Text] Beijing, 9 Aug (XINHUA) — On 9 August, the Association for Relations Across the Taiwan Strait [ARATS] sent a letter to Taiwan's Strait Exchange Foundation [SEF] to condemn the vile act of again shooting and killing a fisherman in Fujian by troops of the Taiwan authorities.

The ARATS's letter said: At about 0110 on 6 August, four crew members of the "Minlianyu 0210" fishing boat of Nan Village of Lianjiang County's Tailu Town were

looking for fishing tackle near the Latou Reef south of the Xiyin Island, when troops of the Taiwan authorities on Xiyin Island fired at them and 28-year old captain Chen Yingtong of the fishing boat was wounded twice in the left side of his chest. The Taiwan authorities' soldiers continued to shoot as the fishermen sailed to Xiyin Island to rescue the wounded captain. Captain Chen Yingtong died after being picked up by the fishing boat.

The ARATS's Letter said: We express our strong indignation about the brutal behavior and inhumane actions of the soldiers of the Taiwan authorities who shot at defenseless compatriots engaged in production.

Since the beginning of this year, this association has repeatedly sent letters to your foundation and asked concerned departments in Taiwan to take effective measures to stop the repeated occurrence of such shooting and shelling incidents and to properly handle compensation matters. However, there has been no reaction from the relevant departments of the Taiwan authorities, and the situation has become more and more serious. The Taiwan authorities must assume the unshirkable responsibility regarding those incidents. The Taiwan authorities must immediately stop the above-mentioned criminal behavior of killing innocent fisherman from the mainland and of poisoning the atmosphere of the two sides of the Taiwan Strait, punish the killers, and compensate the victims' family members.

**Fourth XINHUA Commentary on Li Teng-hui****Views Li's Words, Deeds**

*OW0808141095 Beijing XINHUA Domestic Service  
in Chinese 0833 GMT 8 Aug 95*

[By unidentified XINHUA commentator: "Using All Resources For Military Buildup to Embolden Himself For Conducting Splitting Activities" — fourth in commentary on Li Denghui's words and deeds on "Taiwan Independence"]

[FBIS Translated Text] Beijing, 8 Aug (XINHUA) — Engaging in arms expansion and continuing to stir up Taiwan residents' hostility toward the mother mainland, or even making a show of force to the mother mainland, are an important part of Li Denghui's splitting activities. Before his visit to the United States, he presided over military exercises three times in a row, and on each occasion he delivered a speech to create tensions across the strait. After his return to Taiwan, he went even further, announcing that Taiwan will build a so-called "rapid response defense force." Recently he also asked Taiwan's military to conduct four shooting exercises a

week in eight places in the waters northeast of Taiwan and to hold a military exercise of considerable scale in October to demonstrate the might of Taiwan's armed forces. All these fully show that Li Denghui, who says he wants to "build mutual trust across the strait," has been pushing cross-strait relations toward confrontation; and, for this purpose, he has not hesitated to use all resources for a military buildup.

As all know, Taiwan is a part of China, so Taiwan does not have a so-called "national security" problem. Before Li Denghui and U.S. anti-China forces made use of each other to create "two Chinas" or "one China, one Taiwan," the atmosphere over the Taiwan Strait was relaxed. Over the last few years, cross-strait contacts and exchanges have been frequent, and cross-strait economic and trade relations have been close. Early this year, Jiang Zemin, general secretary of the CPC Central Committee and Chinese president, delivered a speech reiterating that "conducting talks on the peaceful reunification of the two sides of the strait is our long-held stand." He said: "We will endeavor to bring about peaceful reunification; Chinese people should not attack Chinese people. The reason we do not commit ourselves not to use force is in no way aimed at our Taiwan compatriots, but at foreign forces' interference in China's reunification and at attempts to pursue 'Taiwan independence.'" President Jiang Zemin solemnly proposed: "It is suggested that the two sides hold talks on 'formally ending cross-strait hostility and gradually realizing peaceful reunification.' As the first step, the two sides should first hold talks and reach agreement on 'formally ending cross-strait hostility on the one-China principle.'"

Yet Li Denghui turned a deaf ear to this. He not only set the precondition of so-called "recognition of the fact that the two sides of the strait are split and separately ruled," which is essentially based on Taiwan's "independent sovereignty," to resist and reject cross-strait political talks, but also has bought large amounts of weapons and expanded Taiwan's arms. In particular, military exercises aimed at the mother mainland were held one after another in Taiwan. Today, Taiwan still maintains a wartime military structure, and its annual military spending accounts for a very high percentage of its total budget.

People have noticed that Li Denghui's attempts to resist and reject cross-strait political contacts and the gradual process of peaceful reunification have been echoed only by "Taiwan independence" elements, while the vast majority of the people of Taiwan are resolutely opposed to his attempts. Taiwan media recently quoted a member of Taiwan's military as saying, "In addition to abandoning the one-China political stand and achieving some

'private visits' to foreign countries, the authorities have frequently held military exercises. What has Taiwan gained and lost? Not only the authorities should give deep thought to this—the people of Taiwan especially should do so."

Of course, Li Denghui's show of Taiwan's military power, in addition to bolstering his splitting activities, hides his personal designs. During the high-level internal struggle of the last five years and more, Li Denghui discarded the military's established system and sent his trusted followers to purchase weapons directly in foreign countries, promoted large numbers of military officers whom he trusted, and used other means to seize military power. Now he has gone further, frequently presiding over military exercises in public in an attempt to show that he completely controls the military and to show the military's loyalty to him, so that he can strengthen his power. Also, weapons purchases and arms expansion are an important part of his "money diplomacy." Li Denghui, who is eager to create "two Chinas" or "one China, one Taiwan" in the international arena, does not hesitate to use the hard-earned money of the people of Taiwan to purchase foreign forces' support for him.

Li Denghui must understand that emboldening himself for splitting the motherland by buying airplanes, leasing warships, holding military exercises, and making an empty show of force in order to bluff will get him nowhere. History has proved that the Chinese people's determination to unify the motherland and safeguard the motherland's territorial integrity is unshakable. Li Denghui's use of all resources for a military buildup runs fundamentally against the Chinese people's desire for peace, stability, and development of cross-strait relations; and it has damaged the prospects of Taiwan's economic development and the vital interests of the people of Taiwan. The people of Taiwan will not allow this to happen.

#### English Report

OW0808142995 Beijing XINHUA in English  
1418 GMT 8 Aug 95

[FBIS Transcribed Text] Beijing, August 8 (XINHUA) — Li Teng-hui's showing off of his force is aimed at bringing the Chinese mainland and Taiwan into confrontation despite his lip service to building "mutual trust" across the Taiwan straits, a XINHUA NEWS AGENCY commentary said today.

This is XINHUA's fourth commentary exposing Li's separatist motives.

Li's ardent arrangements to expand armaments and incite the Taiwan public's hostility toward the mainland,



and even show off Taiwan's force are major steps he is taking to separate Taiwan from the motherland, the commentary said.

Before his visit to the U.S., he instigated three military exercises consecutively and made speeches each time afterwards to intentionally create tensions across the straits, it said.

After returning from his U.S. visit, he brazenly declared that Taiwan was building up a high-speed response "defense" power and increasing its military exercises at a number of places and times and on a beefed-up scale, the commentary added.

"As is known to all, Taiwan is part of China, so it does not have a 'state security' problem at all," the commentary pointed out, adding that President Jiang Zemin has reiterated the stance of resorting to all means to realize the peaceful reunification of the motherland and not letting Chinese fight Chinese.

China does not commit to give up the use of force in settling the Taiwan issue and this is not intended to threaten the Taiwan compatriots, but is aimed at foreign forces' attempt to interfere in China's reunification, and to conspire for the "independence of Taiwan", Jiang was also quoted as saying.

But Li has ignored Jiang's eight-point proposal, it said, noting that he has even gone a step further by purchasing large quantities of weapons and increasing the proportion of the military expenditure in Taiwan's budget every year.

The commentary pointed out that Li's reliance on force has only won the support of the separatists, not the absolute majority of the Taiwan public.

Li is also said to have personal purposes in the flaunting of arms. In the power struggle in Taiwan in the past five years, Li grasped the military leadership by sending his trusted followers to procure weapons and to occupy leading military posts.

His frequent military exercises are also used to show his clout in the army and the army's "loyalty" to him, it said.

Meanwhile, purchasing weapons is also an important aspect of his "money diplomacy", it said, stressing that Li would never hesitate to spend the money of the Taiwan people to buy support from foreign forces for himself.

The commentary warned that such frightening moves by Li to achieve his separatist motives are doomed to fail.

"It has been proved by history that the Chinese people's determination to unite the motherland and protect their sovereignty is unshakable," it said.

"And Li's excessive military aggression is against the Chinese people's will to realize peaceful, stable and developing relations across the straits. It has brought dangerous clouds over Taiwan's economic prospects and has damaged the fundamental interests of the Taiwan people," it said.

#### Fourth Communique With Beijing Not Discussed

OW1008112995 Taipei CNA in English  
0915 GMT 10 Aug 95

[By N.K. Han]

[FBIS Transcribed Text] Washington, Aug. 9 (CNA) — A senior Clinton administration official has assured Taipei that U.S. Secretary of State Warren Christopher, in his Aug. 1 meeting with Communist Chinese Foreign Minister Qian Qichen in Brunei, did not discuss the possibility of signing a fourth Washington-Beijing communique.

CNA has learned from informed sources that Kent Wiedemann, U.S. deputy assistant secretary of state for east Asian and Pacific affairs, gave a briefing on Aug. 7 to Benjamin Lu, representative of the Republic of China [ROC] on Taiwan in Washington, D.C., and allayed Taipei's fear that the discussion between Christopher and Qian might have affected Taiwan's interests.

Liedemann acknowledged during the briefing that Christopher had relayed a letter from president Bill Clinton to Communist Chinese President Jiang Zemin through Qian. Wiedemann assured that although President Clinton reaffirmed in the letter that the United States will continue to adhere to its "one-China" policy, he did not accede to Beijing's claim, implicitly or otherwise, that Taiwan is "a province of the People's Republic of China," according to the sources.

Wiedemann said the United States will continue to strengthen its substantive relations with Taiwan in accordance with the Taiwan relations act. He reiterated the U.S. position that the issue of reunification between the two sides of the Taiwan Strait should be resolved peacefully.

The State Department official further said that the Clinton administration has not acceded to Beijing's demand that ROC President Li Teng-hui should not be allowed to visit the United States again. In addition, the U.S. side used the Christopher-Qian meeting to express U.S. concern about Communist China's recent missile tests in seas north of Taiwan.

According to the sources, Lu told Wiedemann at the briefing that despite Wiedemann's recent testimony at a congressional hearing reaffirming that the United States does not support Taiwan's bid for membership in the United Nations, the ROC government and people believe that their aspirations to participate in the international community should not be ignored.

Lu pointed out that Taiwan's efforts to seek appropriate representation for its 21 million people in the United Nations are based on the principles that it will continue

to pursue reunification with the Chinese mainland, that Taiwan will not challenge the current status of Mainland China in the United Nations, and that Taiwan accepts the reality of a divided nation with two independent political entities.

The ROC representative in the United States stressed that Beijing's efforts to deprive Taiwan of its rightful status in the world community will only cause indignation among the people of Taiwan and hamper the future reunification between the two sides of the Taiwan Strait.

#### Li Apologizes for Financial Crisis

OW1008022995 Taipei CNA in English  
0210 GMT 10 Aug 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — President Li Teng-hui said Wednesday that he was sorry for the misery the public has suffered in the wake of the recent financial storm triggered by fraud scandals at two local banking institutions, but stressed that the government will take the responsibility to resolve the problem.

Li said that although national-development policies have borne fruit, some problems have emerged. He said that the recent financial crisis triggered by the collapse of Changhua City Fourth Credit Cooperative (FCC) and the fraudulent activities at the International Bills Financial Co. (IBFC) sent a warning signal to Taiwan.

However, compared with a similar financial storm involving another credit cooperative a decade ago, which took the government more than three months to resolve, Li said the government had dealt with the current crisis in one week. Li said that the shortened process showed that the economic structure has become more mature and largely upgraded.

He said that the advocacy of Taiwan independence will only sacrifice social stability and prosperity, and he urged all parties to stop public debate over whether unification or independence should be pursued.

He also urged mainland authorities to reciprocate to the good will of Taiwan.

Li refuted Beijing's allegation that he has been the major cause behind the separate rule of the two sides of the Taiwan Strait. Li said that this allegation ignores the fact that the two sides have been separated for over four decades.

Li said that he was vice president when the government started allowing Taiwan citizens to visit their relatives in the mainland in 1987. Li said that then-president



Chiang Ching-kuo had instructed him to be responsible for the policy. In this aspect, Li said he had not caused the separation, but was instead the prime mover in beginning exchanges between the two sides of the Taiwan Strait.

Li made the remarks when he was speaking to women leaders in Taoyuan, northern Taiwan.

### Minister Defends Handling

OW1008033995 Taipei CNA in English  
0141 GMT 10 Aug 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — Finance Minister Lin Chen-kuo on Wednesday defended the ministry's decision to take over a troubled credit union in central Taiwan, saying the public should trust the judgment of the government.

Lin was responding to criticism of the takeover, as well as to the government's handling of a separate financial crisis, during a meeting with more than 60 business leaders at a luncheon hosted by the Chinese National Federation of Industries.

Referring to the financial crisis triggered by the frauds perpetrated at the Changhua City Fourth Credit Cooperative (FCC) and at the International Bills Finance Co. (IBFC), he said that the manner in which the government responded to the scandals was meant to prevent a spillover into the financial system.

Lin said he could not agree with the criticism that the state-owned Cooperative Bank of Taiwan will suffer losses with its takeover of the FCC, thereby costing taxpayers' money.

Lin noted that in terms of its deposit-loan ratio and net assets, the FCC is still in good shape. Reports of a major case of embezzlement at the thrift led to a panic run of NT [new Taiwan] \$8 billion (US\$297.39 million) before the FCC was taken over by the state-run Cooperative Bank of Taiwan last Friday.

Meanwhile, Central Bank of China (CBC) Governor Sheu yuan-dong said that with the propping-up efforts of the CBC and other financial institutions, the IBFC is expected to tide over its present difficulties and soon continue normal operation.

The IBFC was in hot water after it was discovered last Friday that a company trader had defrauded the company of NT\$9 billion (US\$334.5 million) to fund stock market activities.

Sheu also said that the IBFC, with net assets of NT\$14.2 billion (US\$527.88 million), still has about NT\$5.2 billion (US\$193.3 billion) at its disposal.

The CBC channeled at least NT\$71.43 billion (US\$2.655 billion) Monday into the local monetary market to help bail out the financially troubled IBFC.

It was the largest single-day infusion of cash into the local financial market in more than five years.

In view of the recent financial scandals, Sheu also said the CBC is considering setting up a permanent task force to prevent such scandals from occurring.

Sheu said earlier that the CBC will make an overall review of bank-management, supervision and auditing systems as well as work out a comprehensive system to prevent the recurrence of any irregularities or fraud.

### MAC Official Interviewed on Mainland Relations

OW1008035795 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 9 Aug 95 Morning Edition p 8

[Interview with Hsiao Wan-chang, chairman of Taiwan's Mainland Affairs Council, by reporter Isao Yamamoto in Taipei; date not given; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] Tension is high in PRC-Taiwan relations, with China conducting missile-firing exercises in the sea near Taiwan and launching an anti-President Li Teng-hui campaign. In an interview with a NIHON KEIZAI SHIMBUN reporter, Hsiao Wan-chang, chairman of the Mainland Affairs Council [MAC] under Taiwan's Executive Yuan (equivalent to the cabinet), warned that, although Taiwan "always keeps its door open for exchanges between both sides of the Taiwan Strait (between China and Taiwan), if the CPC (China) continues its irrational and belligerent behavior, there will be a regression in private level exchanges."

[Yamamoto] What do you think of the series of hardline measures China is taking against Taiwan?

[Hsiao] (China) is in a period of transition to the post-Deng Xiaoping era. The leadership's lack of authority has resulted in the rise of the military and other hardliners. They are probably also irritated with the increasing difficulty in obstructing Taiwan's rehabilitation in the international community.

[Yamamoto] Due to its indignation with President Li's visit to the United States, China has postponed a meeting of top officials of the Chinese and Taiwanese exchange organizations. What will happen to nongovernment-level exchanges in the future?

[Hsiao] They postponed the meeting one-sidedly. We are ready to resume the meeting anytime, and we have continued to approve Taiwanese companies' projects to invest on the mainland. However, if (China) continues its belligerent behavior, it will hurt the Taiwanese people's feelings, and there will be a regression in the expanding trend of private-level exchanges. Private-level exchanges depend on what private citizens think.

[Yamamoto] Will this not have an adverse effect on Taiwanese companies doing business in China?

[Hsiao] (The Chinese Government) has repeatedly stated that it will safeguard the rights of Taiwanese companies. We are watching (whether these companies are going to be affected).

[Yamamoto] There has been dramatic progress in Taiwan's diplomacy to achieve rehabilitation in the international community recently. China is seriously concerned that Taiwan may become independent.

[Hsiao] Taiwan's rehabilitation in the international community is now a historical trend. Why is it that Taiwan, which possesses such economic power, does not have a place in the international community to conduct its activities? We are not thinking of stopping our practical diplomacy, nor do we have a reason to do so. We have explained, time and again, that this does not go against the principle of one China. On the contrary, (China's) hardline attitude is inspiring those in favor of Taiwan's independence.

[Yamamoto] Do the recent hardline measures mean a fundamental change in China's policy toward Taiwan? Some people in the PRC even claim that it will be meaningless to maintain the China-Taiwan exchange organizations.

[Hsiao] It is still hard to say right now. We need to observe some more. The Taiwanese side will never take the initiative in closing the channel for discussions through the exchange organizations. We will wait for the other side to change.

#### MAC To Conduct Broadcasts via Satellite

OW0908132995 Taipei CHUNG-YANG JIH-PAO  
in Chinese 27 Jul 95 p 2

[FBIS Translated Text] In view of the fact that the Chinese Communists utilized the mass media to wantonly attack our head of state and governmental policies recently, the Mainland Affairs Council [MAC] has reached a preliminary decision that it will utilize satellite and broadcasting facilities to conduct "anti-united front" propaganda, to intensively beam programs related to our policy goals to the mainland, so that people on the mainland will understand that the Chinese Commu-

nists' criticisms of Taiwan are sheer mud-throwing and smear tactics.

It has been learned that in the "Overall Plan for Cross-Strait Exchange in the Field of Journalism and Information," the MAC originally planned to make videotapes, films, and audio tapes on Taiwan's democracy and prosperity and to transmit these programs to the mainland through satellite and broadcasting channels. However, our government feels there is a pressing need to implement the plan because the Chinese Communists recently utilized its mass media, such as JEN-MIN JIH-PAO [RENMIN RIBAO] and the HSINHUA [XINHUA] NEWS AGENCY, to attack and divide Taiwan. Therefore, the MAC will hold discussions with relevant departments within the next few days.

It has been pointed out that since our country is not an international satellite member state and is unable to launch a satellite by itself and our plan to lease satellite channels has been aborted due to communist China's intervention, we expect to buy some time slots from satellite network operators to implement this plan with a focus on satellites, supplemented by broadcasting stations.

It has been learned that at present, the Asia-Pacific No. 1 communication satellite [Apstar-1] is the only satellite whose transmissions can be received in all three of the places — Taiwan, Hong Kong, and the mainland. The satellite's shareholders include Mainland China, Hong Kong, and Taiwan. The Kuomintang's Kuanghua Investment Corporation is the Taiwanese shareholder. The Apstar-1 network operators include Hong Kong's Star TV, Pohsin Television, Chinese Satellite Television Group, the Hong Kong Min Pao Group's CTN and TV 4. Our government has contacted each of these network operators, respectively, but a final decision has not yet been made.

As for broadcasting, our government plans to integrate programs of the Broadcasting Corporation of China's overseas division, the Fu Hsing Broadcasting Station, and the Central Broadcasting System, under the framework of an Asia-Pacific media center, to carry indepth reports and to change the stations' current state of only reporting international and cross-strait items.

It has been pointed out that this plan has encountered such difficulties as station operators' worries and limited funds. Only funds from the MAC's China Development Fund can be used in this plan. How to strengthen stations' transmission power is another issue needing to be settled by the MAC.

At present, communist China's laws and regulations still strictly forbid individuals from erecting satellite



receiving facilities. Under such a situation, this "anti-united front" plan will have limited influence. However, this is still better than being misunderstood by people on the mainland.

#### **Paraguayan President Meets Investment Delegation**

*OW1008110595 Taipei CNA in English  
0934 GMT 10 Aug 95*

[By L.K. Sheng and Y.C. Tsai]

[FBIS Transcribed Text] Asuncion, Aug. 9 (CNA) — Paraguayan President Juan Carlos Wasmosy Wednesday met with a 30-member delegation of Taiwan manufacturers, expressing his welcome to Taiwan investors. The 30 Taiwan manufacturers, who arrived here Monday on a nine-day visit, are on a fact-finding tour of the investment climate in the South American country. They are making plans for investment in an industrial complex in La Ciudad del Este, or Oriental City in English.

President Wasmosy said the Paraguayan Government is willing to help Taiwan investors resolve their investment problems, such as a lack of telephone lines, poor road construction and high crime in La Ciudad del Este. During the meeting, he even called a number of government officials to discuss the investment problems.

Occupying an area of 40 hectares, the industrial zone calls for a total investment of U.S. \$150 million and can house up to 72 factories.

This is the third Taiwan investment group to visit the industrial complex. Some 40 Taiwan investors have signed contracts to construct plants there, which will mainly focus on the production of time pieces, toys, plastics products, office stationery, furniture, electronics, garments and textiles.

The manufacturers were accompanied during the meeting by Republic of China [ROC] ambassador to Paraguay Augustin Liu.

Ties between the ROC or Taiwan and Paraguay have remained solid since official diplomatic relations were established in 1957, with trade and investment cooperation between the two countries increasing substantially in the past few years.

Paraguay is the sole country in South America with which Taiwan maintains official ties.

President Wasmosy is scheduled to make an official visit to Taipei in late August.

#### **Taiwan To Host Seventh Asia Outlook Forum**

*OW1008105395 Taipei CNA in English  
0934 GMT 10 Aug 95*

[By Sophia Wu]

[FBIS Transcribed Text] The seventh meeting of the Asia Outlook Forum is scheduled to open Aug. 18 at the Ambassador Hotel in the southern Taiwan port city of Kaohsiung to discuss Asia-Pacific developments in security, political and economic fields.

The Aug. 18-22 conference will bring together some 170 scholars, experts, parliamentarians and senior business executives from Taiwan, Japan, the United States, Australia, New Zealand, and Europe.

The meeting will focus on three topics: Asia-Pacific collective security system, political reforms and democratization in Asia-Pacific countries, and regional economic development and problems.

The Asia Outlook forum was founded seven years ago at President Li's instruction with a view to promoting exchanges with Japan. The forum, which has since been held alternately in Taiwan and Japan annually, provides opportunities for academics, politicians and business executives to exchange views on regional development and on ways to boost Taiwan-Japan cooperation in various fields.

The Taiwan delegation to this year's meeting will be headed by C. F. Koo, a senior adviser to President Li Teng-hui and a Japan expert, and its members will include Lin Chin-ching, ROC representative to Japan; Jeffrey Koo, chairman of the Chinese National Association of Industry and Commerce; Huang Shih-hui, chairman of Chingfeng Group; Shao Yu-ming, director of National Chengchi University International Relations Research Institute, and three cabinet ministers without portfolio — Kuo Wan-jung, Huang Shih-cheng and Chang King-yu.

Masao Kamei, a Sumitomo Electric Co. senior adviser will lead the 40-member Japanese mission to the meeting. Other Japanese delegates will include Hisao Kanemori, Head of the Japan Economic Research Institute; Mineo Nakajima, a noted Japanese scholar; and Masajuro Shiokawa, a lower house member.

Both the ROC and Japanese Governments attach great importance to Asia Outlook Forum activities. When the forum held its fourth meeting in Kyoto in 1992, then Japanese chief cabinet secretary Koichi Kato issued a written congratulatory message to the forum. He also hosted a dinner in honor of key members of the Taiwan delegation, a historic goodwill gesture from the

Japanese Government since Tokyo switched diplomatic recognition to Beijing in 1972.

**KMT National Congress To Hold 2d Session**

OW1008035195 Taipei CNA in English  
0203 GMT 10 Aug 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — The Central Standing Committee of the ruling Kuomintang [KMT] on Wednesday made public a draft proposal to hold the party's second session of the 14th National Congress Aug. 22-23 at the Taipei International Convention Center.

The proposal will be voted on at a preparatory meeting to the upcoming second session, KMT spokesman Chien Han-sun said.

During the two-day second session, the delegates will discuss ways to implement the party's political agenda and also decide on how the party's presidential and vice-presidential candidates should be picked, according to Chien.

In addition, the delegates will elect new members of the decision-making Central Standing Committee after the conclusion of the second session.

Chien, citing the draft, elaborated that the three prime political missions for the KMT are to safeguard the Republic of China, to firmly implement a democratic constitution, and to win the legislative and presidential elections slated for December and March, respectively.

**\*Travails of Taiwan Exile's Family Recounted**

95CM0354A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 3 Jun 95 No 429, pp 44-48

[Article by Huang Kuang-ch'in (7806 0342 5367): "Li Ch'un, the Name P'eng Ming-min Carefully Avoids Mentioning"]

[FBIS Translated Excerpt] In Nagasaki in 1945, P'eng Ming-min [3403 2494 2404] lost one of his arms in an explosion at sea. Ever since, P'eng Ming-min has gone through life with his left sleeve tucked in his pocket. The lost left arm is one of the agonies of his life.

The lost left arm can never be regained, just like the life of "Li Ch'un" [2621 4783]. [passage omitted]

Like Marx's wife Jenny, P'eng Ming-min's wife Li Ch'un [2621 4783] is very beautiful, a full-figured and very bright woman. She is the daughter of a big landlord, the top graduate of "Number Three Women's High School" (a peer of Number Two North Women's High School). After graduation, Li Ch'un worked at

the Land Bank just across the street from Taipei's New Park. Because of her beauty, her boss put her at the counter as a decoration for the Land Bank. Li Ch'un once mentioned to P'eng Ming-min's true friend Hsieh Ts'ung-min [6200 5115 2404] that when she worked there, she had many admirers who would hang around the counter. The one who came most often was a parliamentary representative named Liu Chieh-chou [0491 0094 1352] the son of a Japanese diplomat. After Japan was defeated, the family operated a "pachinko", and made lots of money, so although this was during the immediate postwar era when so much was in short supply, Liu Chieh-chou often had chocolates acquired from American soldiers. He often came to the Land Bank, seeking her favors. But Li Ch'un did not choose this playboy who always had chocolate in his pocket; rather she married a young scholar named P'eng Ming-min, introduced to her by friends. At that time he had already lost the left arm. [passage omitted]

After the wedding, the P'engs lived in a very large Japanese dormitory located in Wenchou Street. At that time, P'eng Ming-min was a professor of political science at Taiwan University, and the housing belonged to the university. P'eng Ming-min has said that since he was teaching, they had little income, but lived much like any ordinary couple, and although they occasionally quarreled, it was a peaceful life. But Hsieh Ts'ung-min disagrees with P'eng Ming-min's statement that they had little income. He says that the P'eng household always employed a housekeeper, even after P'eng Ming-min was arrested, and Li Ch'un's pre-marital "Big Miss Life" did not change all that much.

P'eng Ming-min and Li Ch'un had one boy and one girl in their marriage. Their son P'eng Wen is taciturn and introverted like his mother, while the daughter P'eng Hua is vivacious and more like her father. At the time that P'eng Ming-min had just been arrested, he worried most about his son, because in the year he left home P'eng Wen was 13, but P'eng Hua was only 8, so P'eng Ming-min's memories of his son were deeper. However, Hsieh Ts'ung-min reminded him to pay attention to his little daughter, because he felt the little girl was more like the father. Both of the parents devoted a good deal of attention to the children's education; P'eng Wen began to play the violin at a very young age, and P'eng Hua played the piano. Although their hard lives pressed down upon them, it did not affect their desire to learn, and finally they both graduated from Taiwan University Medical School, and later on both practiced medicine in America. The active P'eng Hua once led Taiwan University's symphony orchestra.

Li Ch'un is quite an introverted person; she speaks very little, let alone enjoys a social life. Hsieh Ts'ung-min



says that whenever P'eng Ming-min's friends would visit their home, Li Ch'un always received them with tea, but she never spoke a word, almost never sat down with the others or joined in their conversation. Sometimes, one would have a better chance to talk with her if one visited their home when P'eng Ming-min was not there: at those times, the only words she would utter to the caller when opening the door was, "P'eng Ming-min is not home." When P'eng Ming-min went into exile overseas, one of his friends went to visit her, and it is said that during that half hour, they exchanged no more than three sentences. One can see Li Ch'un's dislike of talking. Therefore, after they were married P'eng Ming-min rarely took her out for a social life, so it is not something that just happened. She also has very few friends: besides her mother-in-law and brother's wife there are just the people on her mother's side of the family and her old classmates. [passage omitted]

When the P'eng family went into exile overseas, it was a time when people were all afraid of contacting them, so there few who saw Li Ch'un. In P'eng Ming-min's autobiography "Tzuyu Tzuwei" (The Taste of Freedom), he rarely mentioned his wife. There was so little of her name in it, either in their knowing each other or their life together, that Li Ch'un is always a secret. But those who saw her were all impressed by her.

Hsieh Ts'ung-min says that a friend from outside the province once described Li Ch'un in appearance and manner as being just like "a Japanese baby dressed in a kimono." She is not only a soft, loving woman, but wonderfully skilled at cooking. No one who has been to P'eng Ming-min's home will ever forget her cuisine. And the one thing she must do every day is go to the food market. She is a standard epicurean. She is very healthy. Although her clothing is simple, it is very well made, absolutely not like that of a peasant woman; she wears little makeup, but often has her hair done. "Yet you cannot tell from her face whether she is happy, upset, angry or excited. All her mood seem buried in her heart, it is never easy to unveil it. She never appears particularly worried or complaining, and even when P'eng Ming-min was arrested, I did not see her cry. Not even a red eye. She always maintained a traditional Oriental lady's tranquil beauty." However, regarding Li Ch'un, P'eng Ming-min had only a very simple comment: "She is a homemaker educated in the Japanese style, very ordinary."

P'eng Ming-min and Li Ch'un did have a normal family life from 1949 to 1964, but later, when P'eng Ming-min and his students Hsieh Ts'ung-min and Wei T'ing-ch'ao [7614 1694 2600] issued the "Declaration of Taiwanese Saving Themselves" were sentenced to eight years in prison and then fled to Switzerland and the U.S., P'eng

Ming-min's family immediately fell into painful straits as he began his 22 years of life in exile. The family sufferings on his account included:

—Even their relatives in Central and Southern Taiwan whom they had never met were forbidden to leave the country;

—All purchases and sales of property by P'eng family relatives had to be registered;

—Weekly reports submitted by the children of other families were always returned the same day, but those turned in by the P'eng children took one week to be returned;

—When Li Ch'un shopped at a food market, special agents followed her, even getting close enough to see what she bought;

—When P'eng Wen was in medical school, his aunt introduced a girl friend to him. Their first date was at a cafe, and when the girl returned home, there already were special agents waiting for her. They informed her of P'eng Wen's background, frightening the girl so much she broke off all contacts with him;

—Whenever P'eng Ming-min's mother went to church to worship, special agents followed her;

—When P'eng Ming-min's eldest brother remodeled his house, special agents climbed on the roof to see what was going on;

—P'eng Ming-min's second elder brother once discovered he was being followed, so he did not go to work. The special agency immediately launched an investigation into why he did not go to work;

—When P'eng Wen was serving his internship at Taiwan University Hospital, special agents followed him when he saw patients;

—Wherever P'eng Hua went to school, people would point at her and make malicious remarks;

—P'eng Ming-min's pet dog was killed by poisoning. [passage omitted]

After P'eng Ming-min went into exile in Switzerland in 1970, his wife and children were immediately arrested and interrogated both day and night, but they were released because they had no information to give. Later the special agents following them used methods that were absurd. P'eng Ming-min says that in order to have a clear view of their home, the KMT ordered the family living across from them to move out of their home; and then after they were gone, one or two special agents would sit across from the P'eng home to observe them. Before P'eng Ming-min fled, special agents would

usually follow them until 2100 or 2200, so at that time P'eng Ming-min could still go to a "greenleaf" restaurant on North Chungshan Road or in the vicinity of North Linsen Road for a late night snack with Hsieh Ts'ung-min. But after P'eng Ming-min had gone, the special agents kept "around the clock" surveillance over his family members. This might be why Li Ch'un, P'eng Wen and P'eng Hua decided to stay in America, reluctant to live in Taiwan with P'eng Ming-min. P'eng Ming-min at that time referred to the KMT as "animals" and "devils"; to his wife and children Taiwan was Hell, so of course they did not want to return to Hell.

Because of the unusual treatment P'eng Ming-min's family received, after he fled their home, for a time, became a "visiting spot" for people. At the time there were even a few open KMT members like T'ao Hsi-sheng [7118 1585 5110] who felt the treatment was inappropriate, so they conveyed this to Chiang Ching-kuo, asking that it not be overdone, but it did not work. This matter shows how deep were the scars left on the P'eng family from being regarded as "animals." At that time when they were isolated from the outside, only Hsieh Ts'ung-min and a congressman named Yen Ken-ch'ang [7346 5327 2490] or a few of P'eng Ming-min's former students dared to visit his home. Yen Gen-ch'ang was a special one; out of fear that P'eng's two fatherless children would know only sadness and no happiness, Yen would try to cheer them up. Sometimes he brought snacks with him, and subsequently boasted that during this time he was the only source of happiness for P'eng's family.

On most occasions that Hsieh Ts'ung-min visited P'eng's family, his task was to deliver letters to them from P'eng Ming-min, about one letter every one to two weeks. Before the letter reached Hsieh, it had already turned around once, for P'eng Ming-min would first send his letters to Huang Wen-hsiung [7806 2429 7160] in America for relay to Hsieh Ts'ung-min. Li Ch'un at first agreed to write letters of reply to P'eng Ming-min, but later changed her mind, and only gave oral messages for Hsieh Ts'ung-min to deliver, in spite of Hsieh's urgings. She felt that if she let Hsieh Ts'ung-min deliver a letter, he might be searched by the KMT agents as soon as he stepped out the door. She really could not forget the example of Liao Wen-yi [1675 2429 3015]. [passage omitted]

Li Ch'un also distrusted putting money in banks. She thought that if special agents wanted to investigate a person, they definitely would not pass up the banks, so she once withdrew all her money and, through connections, deposited it in a Lintingsheng underground bank.

P'eng Ming-min was in exile abroad for more than 20 years. For Li Ch'un it was like being a widow of a living husband. For someone like Li Ch'un, coming from a landlord background, this suffering was something she could in no way have foreseen. Just as P'eng Ming-min has said, the reason he and Li Ch'un separated was simply that the "couple had not seen each other in over 20 years, and when meeting again, had become strangers." A few months after P'eng Ming-min fled to Switzerland in 1970, Amnesty International Secretary General Martin Ennaieren [name as transliterated — 1869 1143 1422 1869] brought a letter to Mrs. P'eng in Taiwan, the purpose being to get Li Ch'un to apply to go to Switzerland; P'eng Ming-min also let Hsieh Ts'ung-min assist in trying to persuade her. At first, Li Ch'un was extremely happy that this "delayed reunification", would mean the hard life she was leading would be over. But later she changed her mind, because she learned from a relative that the nights in Switzerland were particularly long, getting dark about 1500. She did not want to have such a dark life ever again, so she turned down the opportunity to reunite with P'eng Ming-min. [passage omitted]

After the KMT opened the door for the P'eng family to leave the country, P'eng Wen visited America with a tourist group. P'eng Ming-min had missed his son terribly, and wanted his son to remain in the U.S. However, when P'eng Wen thought of his lonely and helpless mother in Taiwan, wanting only himself for company, while he decided to stay, he could not do it without saying "goodbye." So he returned to his mother with a feeling he was returning to Hell; but he also sympathized with P'eng Ming-min, who had been exiled for so many years. At last, when he was past 30, he went to America.

After P'eng Wen's setback in his first love affair, he never had another girlfriend after that. There was the time when he was a resident at Taiwan University Hospital, and Lu Hsiu-lian [0712 4423 5571] who had just returned from America started a "Love Club". She encouraged P'eng Wen to join, but his heart was just like that of his mother's—closed. But after he arrived in the U.S., by way of a friend's introduction, he met the daughter of a Taiwanese physician who had practiced in Japan. Because P'eng Wen was just a resident doctor and very busy, the wedding arrangements were made entirely by Hsieh Ts'ung-min, and the marriage took place soon afterwards. When P'eng Wen was married, Li Ch'un finally came to America to reunite with the family. At the time, as P'eng Wen's mother-in-law watched Li Ch'un helping the one-armed P'eng Ming-min remove skin from shrimp, she thought the couple's affection was like that of two newlyweds, but only



P'eng Ming-min and Li Ch'un knew that their hearts had turned cold, and they were alienated.

Li Ch'un had moved twice after their dormitory was torn down, the last time to an apartment she purchased on Roseville Road. Later, she spent most of her time in America, living with her son in Minnesota, and occasionally returning to Taiwan. But her brother's wife said that whenever she heard that P'eng Ming-min was in Taiwan, she would leave immediately for America in order to avoid him. She feared that her private life would be exposed because of P'eng Ming-min, and she was especially afraid of seeing reporters. Basically, her two children feel as she does on this issue; they are unwilling to call up the past, and regard "politics as the enemy." But it might not be true to say they hate P'eng Ming-min; they just continue to ask, "His life was ruined by politics, was it worth it? Is it worth sacrificing one's life for politics?" The only thing that made Li Ch'un upset was that P'eng Ming-min was born into an aristocratic medical family; with such a good background, why did he engage in revolution?

Hsieh Ts'ung-min says that Li Ch'un now lives in semi-seclusion. She neither receives visitors, nor answers the phone. This extends even to such friends as Hsieh Ts'ung-min. He feels that Li Ch'un is actually not trying to avoid anyone, but may be wanting rather to avoid the passing of age. Hsieh Ts'ung-min says that when he went to visit her five years ago, she was already a frail and elderly woman, no longer the tranquil, beautiful and full-figured Li Ch'un. He clearly sensed in her what Ch'u Tz'u described as "Upset about a beautiful lady's passing age". This might be one reason she does not want to show herself in public.

In fact, while P'eng Ming-min and Li Ch'un's separation is attributable chiefly to P'eng Ming-min's special experiences, it cannot be denied that the couple was not in harmony in their basic attitude. Hsieh Ts'ung-min has mentioned that the couple once had a very bad quarrel; it was after P'eng Ming-min was released from prison and learned that Mrs. P'eng had accepted money sent over by some special agents in the name of the "International Relations Institute." Mrs. P'eng took the money because the family really had no money left to buy food, but P'eng Ming-min yelled at her: "We should not take it even if we starve." Hsieh Ts'ung-min says that is the root of their problem.

Hsieh Ts'ung-min says that another reason for P'eng Ming-min's separation from Li Ch'un is that P'eng has spent most of his years in an unconventional lifestyle, leading a vagrant trail, centered around his work. Living with a wife has never been his goal. He once asked P'eng Ming-min why he lived in Manhattan; P'eng

Ming-min replied that it was because that place was equidistant from every place else in the world. For so many years, he was accompanied by just one truck, and although he had only the one arm, he roamed the world as usual. He says of the P'eng family that although they rarely talk about it, the four of them hold their pain inside, a pain no language can describe.

#### \*Retired Generals Active for Year-End Elections

95CM0360A Taipei HEIPAI HSINWEN [TAIWAN WEEKLY] in Chinese 17 Jun 95 No 88, pp 46-47

[Article by Lin Cheng-hung (2651 2398 1347): "The Election Campaign Explodes Into an Unprecedented Battle, With Many Military Generals Taking Part in the Legislative Election Fight"]

[FBIS Translated Text] There are several retired generals from Taiwan's three service arms campaigning in the legislative elections. The current information is that at least nine retired generals intend to campaign in the year-end legislative elections. And if we include Koumintang [KMT] undistricted [at-large] legislator Lee Ming-kao [2621 7686 4108], former navy deputy commander in chief (currently KMT military at-large legislator), the number of military generals taking part in this legislative election battle will reach a high of ten. As the military has been a target of criticism in recent years due to repeated uncovering of corruption cases, it has always been privately asserted abroad that it is a weak organization. So whether the explosion of military generals campaigning in this legislative election shows that the military wishes to establish its own spokesmen is of great concern to the outside world.

KMT legislative election registrations were completed on 5 June 1995, with 269 candidates registered, including 60 regional legislators seeking reelection (the KMT currently has 69 regional legislators), and 43 current KMT National Assembly delegates wishing to campaign in the legislative elections, the most conspicuous of whom are the military generals who have registered. Of the 269 registrants for the KMT primary elections, five are retired generals. Also, they include for the first time, Wei Ch'i-sheng [7279 7871 3932], retired vice admiral navy deputy commander in chief. Also, if we include military figures such as former presidential palace staff officer Lieutenant General Chang Wei [1728 0251] who lost his KMT membership due to having campaigned in legislative elections in violation of discipline (currently Hualien District legislator), current KMT military at-large legislator Vice Admiral Li Ming-kao, and the three army men who are competing for army at-large legislative memberships, or Lieutenant General Liu Ning-shan [0491 1337 0810], current Eighth Army Group deputy



commander, Lieutenant General Yeh Ching-jung [0673 4552 2837], former army deputy commander in chief, and Lieutenant General Wang Cheng-kan [3769 2398 0051], former Defense Ministry Joint Training Command deputy director, then the number of military generals campaigning in this legislative election battle has already set a new record. But while this can be called an explosive time for election campaigning, a detailed investigation of the reasons why some generals are campaigning in this election shows that except for a few who are military legislators from the escort' faction, the election campaigning by other generals seems to be not so purely motivated, with the greater controversy being over ones such as Wei Ch'i-sheng, Yeh Ching-jung, and Liu Ning-shan.

First let us take the case of Vice Admiral Wei Ch'i-sheng's campaigning in the legislative elections. Wei Ch'i-sheng was once Navy Chief of General Staff. When the homicide case of Navy Captain Yin Ch'ing-feng [1438 3237 2800] occurred, as the Navy Chief of General Staff had appear before the Legistive Yuan [LY] on behalf of the Navy to be questioned or to make a special case report; he was repeatedly asked for an explanation by legislators. Not only because his responses were met with charges of slander by legislator Chu Kao-cheng [2612 7559 2973], but also because legislator Lee Ch'ing-hua [2621 1987 5478] insisted on pointing him out as a member of the Navy's Ch'ing [3237] gang, Wei Ch'i-sheng suffered through a succession of criticisms from legislators, which left him very indignant. As to his campaigning in this election, if he is elected, the military is concerned that Wei Ch'i-sheng might publicly expose in the National Assembly halls the explosive inside story about the Navy's shady purchase deals, while legislators who once sided with Wei Ch'i-sheng would also feel great pressure.

And as Wei Ch'i-sheng did not get enough joint party-member signatures, as well as being a retired serviceman, the KMT central party headquarters did not accept his qualifications to register for the election. But the KMT Taipei party headquarters did accept his qualifications to campaign in the election, as well as announcing that his retirement (on 1 September 1995) would not have an impact, which made Wei Ch'i-sheng's campaigning in the election the only case of controversy in the KMT's legislative campaign registration. The subsequent military and by-election unit announcement that the KMT Central Committee had not approved Wei Ch'i-sheng's election campaign seems to have been an inside story, with there being concern over whether the stirring up of the military's shady purchase deals might kill Vice Admiral Wei Ch'i-sheng's chance to campaign in the election.

In addition to Wei Ch'i-sheng, there is also the case of Lieutenant General Liu Ning-shan. Liu Ning-shan's "Liu's art of war", that was famous in the Army, has spread throughout the military, with that so-called "Liu's art of war" being not the use of soldiers to fight wars, but rather the art of getting along with people to win promotion. When General Huang Hsing-ch'iang [7806 1630 1730], former Army commander in chief, was exposed by former legislator Ch'en Shui-pien [current Taipei mayor] for corruption in a number of cases of corruption, Liu Ning-shan was also exposed by name along with him for that corruption, and with Huang Hsing-ch'iang being fated to fall from power because Liu Ning-shan had treated him too well.

Another operation of "Liu's art of war" can be seen in Liu Ning-shan's style when he was the Tongyin commanding officer. As an example of just how formidable was that art of war, whenever a general of higher rank came to visit him, the visiting officer would definitely receive that day (or the day when he left his garrison area for the visit) a suit of western clothing exactly suited to his measurements, as Liu Ning-shan kept a notebook in which he recorded the measurements of higher-ranking officers or the things that their wives liked best. And while he also often used to tell military staffers that Hao Po-ts'un was his stepfather, he has not mentioned that since Hao lost power. These rumors all came out of the military, and were not denied by Liu Ning-shan per se. And while no one yet knows his motivation for trying to get nominated for at-large legislator, he is a famous public relations super-talent in the military, so that his election as legislator might well bring to the LY another quite different culture!

Another controversial general is Lieutenant General Yeh Ching-jung, former army deputy commander in chief. As to Yeh Ching-jung's qualifications for KMT at-large legislator in comparison to those of the other two competing for the post, while Yeh Ching-jung could be said to be the best qualified, he is also the most controversial. Yeh Ching-jung has served in posts such as Matsu Island Defense Commander, 10th Army Group Commander, Quemoy Islands Defense Commander, and Army Deputy Commander in Chief. When serving as commanding officer of the Quemoy Defense Headquarters, in the investigation of a case of the illegal resale of old [mellow] sorghum wine in Quemoy, after being implicated without cause, he was reassigned before the end of his tour to Army headquarters to serve as third deputy commander in chief (an added position), and then was forced into retirement ahead of time on New Year's Day 1995. As the Quemoy sorghum wine case was investigated because it had alarmed the Political Front Headquarters,

it is said in the military that Yeh Ching-jung's fate was due to the dislike of him by the Political Front system, one of the key players being Yang T'ing-yun [2799 0080 0061], former Political Front Headquarters director and current Retirement Support Committee chairman, who intervened in the sorghum wine case. While it is understood that Defense Minister Chiang Chung-ling [5592 0112 5376] has now expressed his willingness to support Yeh, that support is premised on Yeh Ching-jung's keeping good relations with the military's Political Front system, in particular on his first winning the support of Retirement Support Committee Chairman Yang T'ing-yun. And while it is only that that would give him hopes of passing the test, it appears that efforts will still be needed to see whether ties between Yeh and Yang can be so easily forged.

In addition to those mentioned above, other retired military generals in this election campaign include current legislator Chao Chen-p'eng [6392 2182 7720] who is qualified to retire as a major general (an Army major general, registered in the southern district of Taipei), Kao Wei-ho [7559 1550 0735] (Air Force major general, registered in the mountainous Shannan), Ch'iu Wei-pang [8002 5898 6721], current KMT Logistics Central Committee member, registered in the southern district of Taipei (Army reserve major general), and Ch'en Ming-piao [7115 7686 7009] registered in the northern district of Kaohsiung (Navy reserve rear admiral). Also, the KMT has decided to give one military at-large legislative seat to current KMT military at-large legislator Lee Ming-kao (former Navy commander in chief and Navy reserve vice admiral). And as to another KMT at-large military legislator Chou Shu-fu [0719 2579 1650], as his son Chou Hsi-wei [0719 6932 4885] has been elected as a Taiwan Province legislator, he [the elder Chou] will retire from the political arena, leaving his Army at-large legislative seat to his son Chou Hsi-wei (who has an Army family background). Outside of the KMT system, there is also current military legislator Lieutenant General Chang Wei who was expelled from the KMT, as well as current KMT National Assembly representative Chao Ling-ling [6392 3781] who has also registered for this election campaign, and whose husband is Major General Chu Yen-ch'ang [2612 1693 2490], current Joint-Service War College vice president, which also makes her a semi-military candidate.

The military campaign assistance system asserts that the southern district of Taipei now has three military figures registered to campaign, Ch'iu Wei-pang, Chao Chen-p'eng, and Wei Ch'i-sheng. But except for Chao Chen-p'eng who is a current legislator with quite an advantage, Wei Ch'i-sheng's qualifications are in dispute, and Ch'iu Wei-pang's criticism of the KMT authorities

has been hard for the party Central Committee to bear; so they are likely to have a hard time winning favor with the KMT authorities, leaving only Chao Chen-p'eng with the military nomination for the southern district of Taipei. And in the northern district of Taipei, KMT military nominee Chao Ling-ling, and another woman from the Huang Fuhsing party headquarters, Ma Ai-chen [7456 1947 3791], are both likely to campaign.

Of those registered to campaign in the northern district of Kaohsiung, the military legislators include the Huang Fuhsing [Yellow Revival] system's current legislator Wang T'ien-ching [3769 1131 4552], and Navy rear admiral Ch'en Ming-piao who retired as Navy Second Military District Commander. As Ch'en Ming-piao competed for the last nomination but did not win the authorities' favor, if he wins the nomination, his Naval officer background means that he is likely to take away Wang T'ien-ching's military voting strength in the Navy's left-camp district, which is a headache for the military campaign assistance system. And as the Navy system has set one seat for an at-large legislator (Navy Vice Admiral Lee Ming-kao), and the southern district of Taipei has a campaigner in Wei Ch'i-sheng, current Navy deputy in chief, whether the KMT will renominate Wei Ch'i-sheng or Ch'en Ming-kao to campaign is the focus of much attention. As to the Air Force, current former-resident legislator Kao Wei-ho should have no problem getting elected as, in light of his title of National Military First Former-Resident General, Kao Wei-ho's winning of the nomination ought to be a foregone conclusion.

#### **\*Anti-Li Political Force in Military Crumbles**

95CM0360B Taipei HEIPAI HSINWEN [TAIWAN WEEKLY] in Chinese 24 Jun 95 No 89, pp 14-15

[Article by Lin Cheng-hung: "Li Teng-hui's Trip to the United States Is Gradually Crumbling the Anti-Li Force in the Military"]

[FBIS Translated Text] Since his six-day visit in the United States, President Li Teng-hui's trip to the United States has not only succeeded in raising his approval rating internationally and among the Taiwan public, but also has gained him the momentum to awe the anticipated anti-Li gatherings on "16 June" and 18 June" to the point where they nearly did not occur.

Authoritative sources note that since President Li Teng-hui's recent trip to the United States, his representation of the public aspirations of the 21 million Taiwanese has already sharply slowed the momentum of the domestic anti-Li forces. That included the announcement yesterday [23 June 1995] by the previously most active



anti-Li Teng-hui forces in the military and the radical-unification group forces sympathetic to the NP that they would temporarily avoid the postponed anti-Li movement that had been swirling around Li Teng-hui.

It is understood that the anti-Li forces in Taiwan had planned to hold three anti-Li movement gatherings and demonstrations this week. Those three events were to have been: 1. An exploitation of the celebration of the 71st anniversary of the founding of the Huangpu Military Academy sponsored by the generals in the Hao Po-ts'un faction, to hold a "convention of anti-Li, pro-Hao Huangpu alumni" at the hall for the commemoration of the founder of the ROC Sun Yat-sun in Taipei on 16 June 1995. 2. A joint national convention of military and police academy alumni whose honorary conveners were NP elders, to be held on 18 June 1995 at the Chungshing Hall in the vicinity of Taipei Teacher's College. That was to be a mass activity of anti-Li forces in the military, police, intelligence, and spy systems. 3. A 10,000-person parade under the banner of "I Am Chinese" sponsored by NP elder Hsu Li-nung [6079 2980 6593]. The key targets of appeal of that parade included the radical unification figures who do not identify themselves as Taiwanese and are Chinese-ism' [Sinoist] elements, as well as figures opposed to the Li Administration. While the sponsoring unit had claimed that it could mobilize over 10,000 demonstrators, it sent out the word just the other day that due to events, it was postponing the parade until August. It is rumored that that anti-Li parade was certainly postponed due to President Li Teng-hui's successful "century-tour" visit in the United States. Concerned figures disclose that the anti-Li forces in the military and the radical unification faction have begun to worry that the president's recent trip to the United States was very adverse to the anti-Li forces, with the members of the anti-Li forces in the military having started to show signs of easing off.

As to the founding convention of the organization named the "Joint National Convention of All Military and Police Academy Alumni" that was to be held on 18 June, that convention was to be convened by former Security Bureau deputy director and retired Army Lieutenant General Chang Yen-nien [1728 1693 1628], with figures such as Political Front system retiree Wu Tzu-ch'u [2976 1311 0443] (former Political Front School vice president, Army Major General, and graduate of the 16th Army Officers School), Hsu Ching-yuan [1776 7234 3220] (former Sixth Army Group Political Front director), and NP legislator Yu Muming [6735 1970 2494] as joint honorary conveners and deputy conveners. That organization had previously had a huge momentum, with plans to assemble the

national alumni of military and police academies, and to organize an enormous anti-Li organization in the military intelligence system of over 1,000 key staffers and leaders of retired military general units and retirees from the military intelligence system. But also due to Li Teng-hui's successful trip to the United States, the number of people wishing to take part in that convention also dropped clearly.

As that organization's founding aim was to consolidate the three major tenets of the five orthodox ROC military tenets of "principles, leadership, and country," the Joint National Convention of Military and Police Academy Alumni declared its aims as: "principles," with the Three People's Principles [of Nationalism, Democracy, and the People's Livelihood put forward by Dr. Sun Yat-sen] as the foundation of the state, "leadership," which is defined as observing "eternal spiritual leadership," or that of the "founder of the national revolutionary army — Chiang Kai-shek, and "country," or the "legitimate Republic of China." In addition, as most of its sponsors have anti-Li sentiments, and as Hao Po-ts'un was also invited and was scheduled to attend its founding convention, it is seen as an out-and-out anti-Li organization.

That joint convention's nature also cannot be divorced from its relations with organizations close to the NP and the New Alliance Society [NAS]. In addition to its liaison and contact form of issuing data to over 1,000 retired ROC military generals, the convention circular also clearly notes that in addition to sending out letters of invitation by name, the convention also invited the NAS and existing new thinking TV stations to broadcast on its behalf the joint convention's aims and the time and site of its founding convention.

This joint convention's sponsoring members almost all have ties to the ROC military's Political Front system. For instance, convener Chang Yen-nien is a retired lieutenant general who was deputy Security Bureau director, and once served in posts such as Quemoy Defense Headquarters Intelligence Bureau director and Security and Intelligence Bureau deputy director, honorary convener General Hsu Li-nung served as General Political Front director, honorary deputy convener Wu Tzu-ch'u is currently ROC Retired Servicemen Coordinating Committee standing supervisor, a graduate of the 16th Army Officers School, a former Political Front School vice president, and a retired major general, and honorary deputy convener Hsu Ching-yuan served in posts such as General Political Front Political Office Three director, Sixth Army Group Political Front director (when the Sixth Army Group commander was Hsu Li-nung, and subsequently was current Defense Minister Chiang Chung-ling), and Police Administration Bureau chief su-



pervisor, and is a retired Army General. Of these, Wu Tzu-ch'u was a classmate of Hsu Li-nung, Hsu Ching-yuan was Commander Hsu Li-nung's Political Front director, and Chang Yen-nien is a senior figure in Taiwan intelligence and security circles. These four retired generals precisely make up Taiwan's "political front, military, intelligence, police, and spy" military spy system. In addition, another honorary convener is NP legislator Yu Mu-ming. As the honorary conveners were organized by NP elder Hsu Li-nung, their political stand is quite obvious.

Concerned units disclose that this organization's preparatory committee had been formed as early as February 1995, with the concerned units long since having observed signs showing that its aims are quite obviously anti-authority. As its targets of appeal were all current or retired national alumni of all military and police academies, while it claimed at first that it could get over 1,000 retired generals to take part in its grand convention, less than 20 generals wrote back agreeing to attend.

In addition, as to the 16-June anti-Li, pro-Hao gathering, its liaison officer, reserve Army Major General Ho Shih-t'ung [0149 0013 0681] had recently met many "soft rebuffs." Except for certain old faces that were to show up at the 16-June anti-Li, pro-Hao rally, the data show that less than 20 retired generals had agreed to attend, far from the over 1,000 generals who were originally planned to take part in that grand anti-Li rally. As to the national joint convention of military and police academy alumni, less than 20 retired generals wrote back that they would attend. And as it is understood that the three anti-Li organizations all had the same less than 20 retired generals in their operations, the whole anti-Li force in the military seems to have been suppressed by President Li's trip to the United States. As the sponsoring units have still not renounced their operating contacts in recent days, who knows what its impact will be? But from the waning signs that the military generals intend to take part in anti-Li activities since the president's successful offensive in visiting the United States, it ought to be predictable that it will be very hard in the short term for the anti-Li forces to gain a favorable climate.

#### **High-Ranking Officers Reshuffled, Retired**

OW0908115495 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 2 Aug 95 p 4

[FBIS Translated Text] The reshuffling of nearly 20 lieutenant generals at the Army, Navy, and Air Force General Headquarters took place yesterday. The number of Air Force deputy chief commanders increased from two to three. This is a pioneering undertaking since the

founding of the military. The Army still maintains three deputy chief commanders.

In this reshuffle, the Air Force has undergone extensive changes. Almost all of its important posts were adjusted. The scope of reshuffle is rare in recent years. The reshuffle list includes:

Operations Commander Lieutenant General Huang Ching-ying and Logistics Commander Lieutenant General Hsia Ying-chou were promoted to deputy chief commander. Officers School President Lieutenant General Chen Chao-min was promoted to operations commander. Deputy Operations Commander Major General Wang Wen-chou was promoted to officers school president. Operations Department Director Major General Chin Kang-po was promoted to deputy operations commander. Chief of Staff Lieutenant General Ting Tien-pin was promoted to logistics commander. Lieutenant General Chen Sheng-wen, commander of the eastern headquarters, was promoted to chief of staff. Lieutenant General Wang Han-ning, director of the supervision office, was promoted to commander of the eastern headquarters. Lieutenant General Li Tien-yu, director of the Defense Ministry's parliamentary liaison office, was promoted to director of the supervision office.

After the reshuffle, the Air Force has three deputy chief commanders — Cao Chi-hsiang, Huang Ching-ying, and Hsia Ying-chou. Before the reshuffle, the Air Force only had two chief deputy commanders, as it has since its establishment. They were Huang Hsien-jung and Cao Chi-hsiang. After Huang Hsien-jung was promoted to Air Force commander-in-chief, the Air Force only had one deputy chief commander, Cao Chi-hsiang.

The reshuffle of the Army is:

Lieutenant General Kuo Ta-chan, administrative vice minister of national defense was promoted to deputy chief commander. Major General Hsieh Chien-tung, infantry training department commander and concurrently infantry school president, was promoted to dean of the Armed Forces University's Army College. Operations Department Director Major General Chang Chu-hsun was promoted to infantry training department commander and infantry school president. Major General Chao Shih-chang, former division commander of the Kinmen defense department, was promoted to operations department director.

It has been learned that Matsu defense department commander Lieutenant General Liang Shih-jui has been chosen to fill Kuo Ta-chan's former position as administrative vice minister of national defense. Cheng Kung Ling Training Center Commander Lieutenant General Sung

En-lin is expected to take over as Matsu defense department commander.

In addition, Lieutenant General Lo Wen-shan, deputy chief commander of the combined services, will retire based on time and Lieutenant General Wang Chun-pin, chief of staff of the combined services, will become deputy chief commander of the combined services.

Since the reshuffle, the Army has three deputy chief commanders — Chang Kuang-chin, Tang Yao-ming, and Kuo Ta-chan.

The reshuffle of the Navy includes:

Fleet Commander Hsu Chung-kuo retired based on time. Chief of Staff Vice Admiral Li Chieh was promoted to fleet commander. Deputy Chief of Staff Vice Admiral Miao Yeng-ching was promoted to chief of staff. In addition, Vice Admiral Li Ke-shu, administrative vice minister of national defense, will retire based on time. Vice Admiral Shen Fang-hsiang, fleet training department commander, will take over as administrative vice minister of national defense.

#### Report Urges Greater Foreign Investment

OW1008035695 Taipei CNA in English  
0155 GMT 10 Aug 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — The government should speed up its liberalization and internationalization policy to attract more foreign investment, and draw up a global investment strategy to help local industries break into overseas markets, according to a report released Wednesday by the Economic Affairs Ministry.

The report, written at the behest of the ministry by the Taiwan Institute of Economic Research, recommends that the government give freer reign to traditional manufacturing industries with operations in Mainland China, while slashing unnecessary investment there in order to maintain those industries' competitive edge on the international market.

In addition to encouraging Taiwan enterprises to forge international joint ventures when investing in the mainland, the government should maintain its "no encouragement, no special restrictions" mainland investment policy, the report says.

The report also suggests that the government help some competitive industries, such as the manufacturing and the service sectors, set up marketing bases overseas. The strategy will not only help local businesses to efficiently penetrate into international markets, but will also help

boost the image of Taiwan products, according to the report.

The government should also set up an overseas investment data bank so as to offer local businesses comprehensive information about investing abroad, the report indicates.

The report says the government must continue to attract foreign high-tech expertise and manpower to enhance Taiwan's industrial upgrading, and urges large domestic companies to forge joint ventures with leading multinationals to pave the way for their global operations.

Meanwhile, Industrial Development and Investment Center officials said the government will promote collective investment abroad and encourage more local financial institutions to set up overseas offices in order to offer Taiwan investors better credit services overseas.

#### Ministry Approves 19 Overseas Investment Projects

OW1008113695 Taipei CNA in English  
1029 GMT 10 Aug 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Aug. 10 (CNA) — The Ministry of Economic Affairs (MOEA) Thursday approved 19 overseas investment projects, with total capitalization of US\$50.63 million.

Of them, six were filed by publicly listed companies, including a China Development Co. plan to invest US\$500,000 in the Philippines for establishment of a joint-venture property management company. The ruling Kuomintang-controlled firm will also invest US\$2.38 million in a steel plant in Malaysia.

Meanwhile, Tatung Co. will funnel US\$1.5 million into Cambodia for setting up an electric appliance production facility, Nan Ya Plastics Corp. will launch a US\$891,000 investment project in Hong Kong and GVC Corp. will invest US\$800,000 in the United States.

The ministry also approved applications from China Development Co. Teco Electric & Machinery Co. and Silitek Inc. for capital increments at their overseas subsidiaries.

On the other hand, the MOEA approved 37 inbound investment projects worth US\$99.97 million, including a US\$38.46 million project filed by the Netherlands-based ICI Omicron B.V. for producing high-end paints.

Also approved were 13 technical cooperation projects, most of which were cooperative programs between Taiwan and Japanese companies in electronic parts and components and steel products.

**Cabinet Approves Foreign Investment Amendments**

*OW1008112095 Taipei CNA in English*  
1006 GMT 10 Aug 95

[By Sophia Wu]

[FBIS Transcribed Text] Taipei, Aug. 10 (CNA) — The cabinet Thursday approved a package of amendments to existing regulations governing foreign investment in Taiwan, opening additional lines of business to foreign investors in line with its economic liberalization policy.

Under the amended regulations, foreign investment in oil refining, power generation, tap water supply, railway transport service, port facilities and related services will be approved on a case-by-case basis. Previously, such industries were off-limits to foreign investors.

Foreign investors were originally planned from investing in waste metals recycling. The government has decided to open the industry to foreign investors in the hope that they introduce advanced recycling technologies into Taiwan to help improve pollution control here. However, prior government approval is still needed for foreign investment in the field.

Foreign investment in fertilizer and leather manufacturing, gas stations and travel services will be deregulated in line with the economic liberalization policy. Previously, foreign investment in those fields were subject to prior government approval. Taiwan originally banned foreign investment in legal services and civil engineering consulting. In preparation for its entry to the World Trade Organization (WTO), Taiwan has decided to allow foreign investment in the two services on a case-by-case basis.

Meanwhile, foreign investment in chlorofluorocarbons (CFC)-related industries will be totally banned under the new regulation in accordance with the multilateral Montreal protocol.

The cabinet will promulgate the amended regulations in the next few days.

**Manufacturing Growth Expected in Next Few Years**

*OW1008035595 Taipei CNA in English*  
0130 GMT 10 Aug 95

[By Yang I-feng]

[FBIS Transcribed Text] Kaohsiung, Aug. 9 (CNA) — An official with the Economic Affairs Ministry said Wednesday that the ministry expects the manufacturing sector to grow 6.7 percent annually over the next few years.

Yiin Chii-ming, the director-general of the ministry's Industrial Development Bureau, made the statement at

a meeting discussing Taiwan's plan to become an Asia-Pacific manufacturing center.

There are many Taiwan products that list in the top 10 internationally, including computers, bicycles, and monitors, said Yiin.

Taiwan manufacturers have 20,000 production lines in Mainland China and Southeast Asia, he added, with those lines made up of Taiwan-made equipment and run by Taiwan managers, showing the importance of Taiwan manufacturers.

Yiin pointed out that Taiwan manufacturers annually produce about US\$200 billion worth of goods — 35 percent by fundamental industries and 17.3 percent by new business fields such as the computer and aerospace industries.

Although many people think the Taiwan economy has prospered to a certain degree and should not develop petrochemical and steel industries, Yiin disagreed. Yiin said he hopes the economy will continue to grow, and that its future development should emphasize new industries.

**Space Office To Insure Against Launch Accidents**

*OW1008035495 Taipei CNA in English*  
0125 GMT 10 Aug 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — The National Space Program Office (NSPO), alerted to the recent launch of a South Korean satellite to an undesired altitude, will insure Rocsat-1 against launch accidents, Hsu Chia-ming, director of the office, said Wednesday.

"We plan to insure the satellite for a large amount of money," Hsu told a press conference.

Rocsat-1, Taiwan's first satellite, is scheduled to be put into orbit in 1998 to carry out various research programs.

Hsu's remarks came barely a week after the flawed launch of a McDonnell Douglas Delta 2 rocket, which left South Korea's first communications satellite in a lower-than-desired orbit.

According to foreign wire-service reports, the US\$50 million booster was to have placed Koreasat 1 into an elliptical orbit with a high point 22,200 miles above earth, but the Delta 2 missed its mark by about 3,800 miles.

Hsu said the satellite will be able to use its onboard thrusters to correct the problem, but that it will have an



expected life of four years after it does, rather than the originally estimated 10 years.

"Just imagine the loss brought by the flawed launch, given the billion-dollar investment," Hsu said.

As for Taiwan's satellite, Hsu said, three ground-control terminals will be set up to direct it — one each in southern and northern Taiwan, and one in Australia.

Taiwan will have three satellites in orbit by 2002, according to the US\$500 million 10-year space-development plan drafted by the NSPO.

Rocsat-1 is being designed and manufactured by TRW Inc. of the United States at a cost of US\$61 million. On board the satellite will be three payloads containing equipment to be used for physics, telecommunications and oceanic research.

The US-based Lockheed-Marietta Corp. beat rival Orbit Science Inc. in an open bid late April to win the contract to launch Rocsat-1.

#### **Police Uncover Illegal Firearms**

*OW1008035295 Taipei CNA in English*  
*0110 GMT 10 Aug 95*

[By Yang I-feng]

[FBIS Transcribed Text] Taipei, Aug. 9 (CNA) — The Criminal Investigation Bureau and Taichung Police Bureau cracked a seven-member gang headed by Chiang Yu-chieh and seized 7 guns and 48 bullets in Chungli on Wednesday, police said.

Police identified the other members of the gang as Yeh Wen-ching, 33, Chen Shao-kuan, 31, Hsu Chao-lin, 31, Wu Hsiang-ter, 29, Chang Mu-ching, 31, and Chiang Yu-shun, 36, all of whom have criminal records.

Chiang made his living by running a gambling den. He used the guns for protection and to extort money out of businessmen, police said.

Police organized a special squad to track Chiang and his gang, and after months of investigation captured Chiang Tuesday night and the other gang members on Wednesday.

The men were all charged by the Taichung Prosecutor's Office with illegal possession of firearms and breach of freedom, police said.

### Hong Kong

#### **XINHUA Urges Support for DAB Candidates**

*HK1008065595 Hong Kong HONGKONG  
STANDARD in English 10 Aug 95 p 4*

[By Laura Chan]

[FBIS Transcribed Text] Xinhua officials are encouraging district committee members and district affairs advisers to support the pro-Beijing Democratic Alliance for the Betterment of Hong Kong (DAB) candidates in the forthcoming Legislative Council elections.

This is contrary to an earlier statement by Xinhua News Agency deputy director Zhang Junsheng that China would not influence its local employees during the elections.

A source, who did not want to be named, said that recently, several district committee members from one district were invited to a lunch.

"When they arrived, some of the Xinhua News Agency branch officials were present. Then the DAB candidate appeared," the source said. "The Xinhua officials urged the district committee members to give a helping hand and support the candidate," the source said.

On Tuesday, Mr Zhang said Xinhua would stay out of the elections and would not issue guidelines on them to their staff. He also denied that Xinhua had told staff to back pro-Beijing candidates in 1991.

The source said Xinhua officials had also urged district affairs advisers to help "patriotic" candidates.

#### **TVBI Acquires UK Chinese Satellite Channel**

*HK1008065395 Hong Kong EASTERN EXPRESS  
in English 10 Aug 95 p 17*

[By Lorraine Chan]

[FBIS Transcribed Excerpt] TVB International (TVBI), the international operating and distribution arm of

Television Broadcasts, said it has acquired 52 percent of a British-based Chinese satellite television channel.

The company announced yesterday that it has already reached an agreement with Pacific Media that allows TVBI to acquire a controlling stake in The Chinese Channel (TCC). TVBI did not disclose the consideration of the purchase because it said the amount is "not so significant." However, the channel is worth at least 10m (about HK\$124m) based on its initial investment.

Launched in March 1994, TCC was an 80 percent owned subsidiary of Pacific Media, with 20 percent owned by Shaw Media of Hong Kong. Following the completion of the acquisition by TVBI, Pacific Media will retain a 28 percent interest in TCC and Shaw Media's holding will remain unchanged.

TCC broadcasts Chinese language programmes for Chinese communities within Europe via satellite and cable. The channel has exclusive rights to TVB's Chinese language programmes within Europe until 1997. TVB signed a Chinese-language programming agreement with TCC in February last year. About 80 percent of the channel's programming is sourced from TVBI, Ruth Kan, the marketing services division manager of TVBI, said.

"Following the acquisition, TVBI will also provide expertise and technology support to TCC in the future," she said.

TVBI said the purchase of an equity stake in TCC will also allow TVBI to broaden its satellite distribution network and maximise the potential of the Chinese-speaking audience in Europe. The acquisition agreement has been in effect since August 1 but is still subject to regulatory approval and the signing of the final contract by the end of August. [passage omitted]

Almost all European countries can watch TCC. TVBI also plans to dub some of its programmes into other Asian languages in a bid to attract subscribers from other Asian communities. [passage omitted]

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